هكذا ان الأول

FINANCIAL TIMES

PUBLISHED IN LONDON AND FRANKFURT

No. 27,975 Wednesday September 26 1979 ***20p

CONTINENTAL SELLING PRICES: AUSTRIA Sch 15; BELGIUM Fr 25; DENMARK Kr 4.25; FRANCE Fr 3.5; GERMANY DM 2.0; ITALY L 700; NETHERLANDS Fl 2.0; NORWAY Kr 4.25; PORTUGAL Esc 35; SPAIN Pta 60; SWEDEN Kr 3.75; SWITZERLAND Fr 2.0; EIRE 20p

NEWS SUMMARY

GENERAL

Hopes of Rhodesia peace, UN told

British Foreign Secretary Lord Carrington was last night optimistic about the prospects of success in the London conference on Rhodesia. He told the UN General Assembly that he hoped before too long "to welcome an independent Zimbabwe to this assembly as a full member of the United Nations."

His speech came as Bishop Muzorewa made a radio broadcast to the Rhodesian people clearly designed to prepare the way for new elections.

He warned that outright rejection of Britain's constitutional proposals "would have meant sanctions would remain in force, and we would have been denied international recognition." Page 9

Ulster blasts

Eight people were injured as three bombs exploded in the centre of Lisburn, County Antrim. The injured included two policemen, a woman, aged 83, a girl and two firemen. The Provision IRA claimed responsibility.

Political amnesty

East Germany has announced a general amnesty to mark its 30th anniversary on October 7. It will mean the release of those caught trying to escape to the West and other political prisoners.

Shooting probe

Spanish authorities have ordered an inquiry into the death of 25-year-old British karate expert Stephen Ivas, who was shot in a clash with police in a Barcelona discotheque.

Election deaths

Six people were killed and more than 25 injured when rival supporters clashed in Pakistan's first elections since military rule was imposed more than two years ago.

Sino-Soviet talks

Chinese and Soviet Deputy Foreign Ministers have held their first meeting in Moscow to negotiate better relations between their countries, according to China. The two sides are meeting for their first talks on relations for 15 years.

Hope for cargo

British Cargo Airlines paid £10,000 to the Italian authorities so that the 17 surviving antelopes and zebras in a cargo aircraft at Rome Airport could be flown back to South Africa. The money was demanded for services while the aircraft was held up for six days, during which 32 animals died.

Rhoodie claim

Former South African Information chief Dr. Eschel Rhoodie told the Supreme Court that former Premier John Vorster had authorised him to conduct a no-holds-barred propaganda campaign and to destroy evidence of his activities.

Briefly . . .

Indonesian Government has released 2,000 political prisoners held without trial for up to 12 years.

Spanish Premier Adolfo Suarez has postponed a trip to Central America and the U.S. in a move believed to be linked to mounting Basque violence.

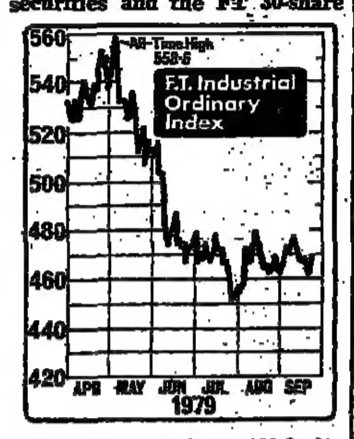
Iberian Airlines DC-9 jet landed safely in northern Spain after an explosion in one of its two engines.

Snooker star "Hurricane" Higgins was found not guilty of assaulting 21-year-old Wendy Dring in a Plymouth hotel.

BUSINESS

Equities rise 7.8; Copper up £42.5

● EQUITIES rose on sustained interest in North Sea oil securities and the FT 30-share



index put on 7.8 to 469.8, its biggest gain in a day for nearly four months.

● GILTS were firm, long-dated issues gaining up to ½ after earlier falls to ¼. The Government Securities index closed 0.24 up at 72.33.

● STERLING improved in quiet trading, finishing 15 points up at $2.1585. Its trade-weighted index rose to 68.1 from 67.9. The dollar's index remained at 84.3.

● GOLD lost $1¾ an ounce in London to close at $377.

● COPPER jumped £42.5 to £1,010.5 a tonne on the London Metal Exchange. Platinum rose £6 to a record £243.35 a troy ounce. Back Page

● WALL STREET before the close was 5.29 down at 880.55.

● ROYAL MINT is making an issue of "proof" sovereigns selling them directly to the public for the first time since 1937. Page 8

● MOBIL oil exploration group has submitted outline plans to the Department of Energy for the $1bn development of its North Beryl discovery in the North Sea. Back Page

● FRANCE will no longer be able to block imports of cheap British lamb and mutton following a European Court of Justice ruling. Back and Page 39

● REVISED UK/U.S. double tax treaty is likely to go before the Commons for ratification in the next few months, despite protests by several British multinationals. Page 9

● EEC Governments tentatively agreed on a formula for distributing oil imports, enabling aggregate imports between now and 1985 to be limited to 472m tonnes a year. Page 3

● LORRY DRIVERS in West Yorkshire have been offered a substantial pay rise which might be in the region of last year's 22 per cent. British Steel Corporation immediately rejected the substantial claim of the Iron and Steel Trades Confederation. Page 12

● NORTHERN IRELAND Development Agency is understood to be nearing agreement with a leading British specialist car manufacturer for a new factory in the province employing more than 1,000. Page 8

COMPANIES

● BARRATT DEVELOPMENTS the housebuilding group, lifted pre-tax profits sharply from £11.17m to a record £20.66m in the year to June 30 on turnover of £169.78m (£122.21m). Page 26 and Lex

● KLEINWORT BENSON LONSDALE, banking and investment trusts, forecasts dividends up from 4.6p to 6p for the current year with an interim payment of 2.5p (1.8p). Page 26 and Lex

CHIEF PRICE CHANGES YESTERDAY

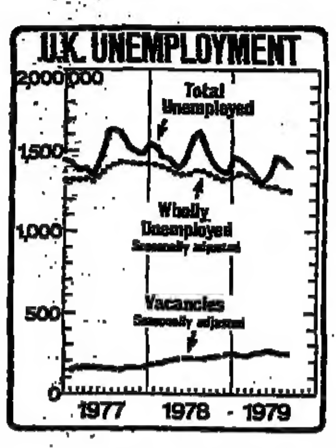
(Prices in pence unless otherwise indicated)

RISES		
Treas. 3¼pc '79-81	£93⅞	+ ½
Treas. 11½pc 1989 (£40 pd.)	£39⅞	+ ⅜
AB Electronic	208	+ 14
BAT Industries	293	+ 8
Beecham	148	+ 5
Belhaven Breweries	42	+ 4
Brent Walker	105	+ 5
British Vita	140	+ 9
Dalgety	298	+ 12
Davenports' Brew'y	129	+ 7
Decca A	298	+ 10
De La Rue	543	+ 18
Extel	196	+ 5
FC Finance	70	+ 7
Grand Metropolitan	154	+ 5
Grattan Warehouses	129	+ 10
GUS A	394	+ 10
ICI	361	+ 11
Mills and Allen	305	+ 12
Moran (Chris.)	40	+ 4
Office and Electronic	198	+ 10
Paradise (B.)	16	+ 3
Racal Electronics	263	+ 15
Sunley (B.)	498	+ 26
Tarmac	204	+ 9
United Newspapers	402	+ 22
BP	1255	+ 20
LASMO	284	+ 8
Doornfontein	390	+ 20
East Rand Prop.	580	+ 26
Free State Geduld	£18	+ ¼
Hampton Areas	270	+ 20
Harmony	490	+ 16
Lydenburg Platinum	110	+ 7
MIM Hldgs.	256	+ 20
President Brand	£12⅞	+ ¼
Welkom	400	+ 14
West Drie.	£27¼	+ 1¼
FALLS		
News International	148	− 10
Pilkington Bros.	295	− 8

Steady decline in unemployment may be coming to end

BY DAVID FREUD

The steady fall in unemployment in the last two years appears to be coming to an end. There was little change in the level this month, and the total may start to rise soon, especially as notified vacancies have fallen for the third consecutive month.



The number of adults out of work in the UK fell by 700 in the month to mid-September, to 1.26m, after seasonal factors are taken into account. This is 5.2 per cent of the work force.

The small decline brings the number out of work to the lowest level since April, 1976. It is 159,600 below the post-war peak registered nearly two years ago.

Officials said that the small decline, taken together with the fall in vacancies, suggested that the number of unemployed was on a plateau and unlikely to fall further.

The slowdown comes after a rapid fall in the previous six months, when the number out of work dropped by nearly 102,000. This partly reflected a recovery from the short-term rise in the winter, caused by industrial disruption and bad weather.

However, the unexpectedly buoyant levels of economic activity in the summer are likely to have made an impact.

Unemployment is expected to rise in the next year as the economy moves into recession. Already several business surveys have reported that employers plan to reduce their labour force.

These findings are reflected in the official figures for vacancies, generally a reliable indicator of future trends in the labour market.

Vacancies notified to employment offices, about a third of total vacancies, fell by 2,500 in the month to mid-September, to 243,100, on a seasonally-adjusted basis. In the last three months the number of notified vacancies fell by 19,300.

The economic buoyancy of the summer appears to have enabled school-leavers to find jobs more easily than in recent years.

In September the number of school-leavers out of work was 114,300, the lowest September total since 1974. The figure was nearly 25,000 lower than at the same time in 1978, even though there were 699,000 school-leavers this year, 2 per cent more than last year.

Next month's figures will be affected by the change from weekly to fortnightly signing-on at employment offices. This was in the middle of this month, and is likely to delay removal of some individuals from the register by a day or two.

That could mean a once-for-all increase of the order of

Continued on Back Page
Regional map Page 12

Mrs. Thatcher spells out 'home truths' to unions

BY RICHARD EVANS, LOBBY EDITOR

THE GOVERNMENT'S determination not to intervene in industrial disputes or to change its economic strategy was re-emphasised by the Prime Minister yesterday in a speech that sought to spell out the choices facing the unions.

Mrs. Thatcher argued that the Government had made a start to changing the economic climate by improving incentives and cutting out unnecessary controls but living standards would not improve until more people accepted what she called "some simple home truths."

Her speech at Milton Keynes, Bucks., was aimed mostly at the unions which were warned bluntly that, if there was a winter of strikes and high pay settlements which industry could not afford, there would be increased unemployment

Her main point was that, unless pay was earned in higher output, it had to be paid for in higher prices and fewer jobs as companies went bankrupt. In addition the country's prospects were being further jeopardised by strikes and industrial action.

The Prime Minister then issued a very firm warning that the Government had no intention either of intervening to end the disputes or of changing its economic strategy.

"This Government has no intention of printing more money to finance big pay settlements," she said. "We shall stick to the monetary target announced by the Chancellor in his Budget on June 12. To do otherwise would mean to abandon the battle against inflation."

The Prime Minister stressed latest unemployment figures. If trial action would pose to employment prospects after the latest unemployment figures. Ir there was a winter of strikes which industry could not afford there was little chance of the fall in unemployment continuing. Companies would find themselves losing out on prices, delivery, quality and on reputation.

"We have been losing ground for years—and it is no coincidence that our living standards have fallen so far behind our competitors. We have been obsessed by incomes, while they have been obsessed by output. Until we compete with them on output we cannot enjoy their living standards."

She also spelt out the reasoning behind the Government's proposals on public spending by stressing that, when inflation was taken into account, spending would be worth the same this year as last year.

Engineering strike Back and Page 12

IBM seeks to raise $1bn

BY DAVID LASCELLES IN NEW YORK

IBM, THE U.S. computer giant, yesterday surprised U.S. capital markets by announcing plans to borrow $1bn in the coming weeks.

It is believed to be the largest single public corporate debt offering in the U.S. since American Telephone and Telegraph raised $1.5bn in 1970. It is also the first time that the New York-based computer manufacturer has come publicly to the capital markets. Previously, it raised all its funds privately, either from banks or insurance companies.

IBM said the offering would consist of $500m in notes due in 1986 and $500m of debentures due in 2004. The offering will be made in mid-October.

The underwriting group will be managed by Salomon Brothers and Merrill Lynch White Weld capital markets group.

IBM said the proceeds would be used to meet increasing capital requirements for construction of manufacturing plant and for rental equipment.

Alhough rumours of the IBM offering swept the markets late on Monday afternoon depressing share and bond prices, yesterday's announcement still caused surprise.

This was partly because of the size of the loan and partly because IBM announced only eight weeks ago that it had arranged a $1.5bn credit line with a group of 37 banks.

However, IBM has been saying for some time that the strength of demand required increasing investment. Moreover, IBM's earnings have been sluggish recently.

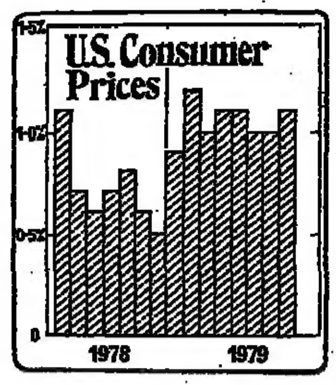
Wall Street analysts also said that IBM had been faced with some strategic financial decisions because of its reduced cash-flow and heavy investment needs. Mr. Peter Lieu of Arnhold and S. Bleichroeder said the company's capital additions would be up 30 per cent this year, but cash-flow was waning because of the switch to leasing from outright sales of computers.

The offering had a depressing effect on IBM's share price. It was off more than $2.50 yesterday morning before making a slight recovery at noon.

Itel to dispose of computer interests Back Page

CONTENTS

For latest Share Index phone 01-246 8026



Inflation in U.S. now 11.8%

By David Buchan in Washington

U.S. INFLATION continues unchecked, according to Government figures yesterday showing that consumer prices rose 1.1 per cent in August, the seventh month running that the increase has been 1 per cent or more.

The latest advance means that prices have gone up by 11.8 per cent in 12 months compared with a year-on-year increase of 11.3 per cent in July.

The news came on the day after Mr. Anthony Solomon, Under Secretary at the Treasury, predicted that inflation might well drop below the ten per cent annual rate by the end of the year. Inflation at home is a key element in the dollar's value abroad, and Mr. Solomon had forecast a strengthening of the U.S. currency in coming months.

The Carter Administration has several pressing political reasons for needing a sharp slowdown in the rate of price rises. One is that Senator Edward Kennedy has said he will base a decision to challenge Mr. Carter for the presidency largely on the economy's performance this autumn.

Another is its hope of winning trade union acceptance of a second year of voluntary wage restraint due to start on October 1. The Labour Department reported yesterday that real weekly earnings dropped 0.9 per cent last month—the fourth time in the past five months that inflation has eaten into real incomes.

The labour movement has shown increasing support for Senator Kennedy, who has recently been claiming that President Carter has failed to make his incomes policy as fair and workable as those tried under Democratic presidents in the 1960s.

Petrol, heating oil and housing costs were, predictably, the chief factors pushing up the August inflation rate, while food prices, a major inflationary factor earlier this year, stayed stable last month. Petrol prices rose 4 per cent, with the average cost of a U.S. gallon reaching 96.7 cents (45p).

Part of the inflation problem may be that U.S. economic

Continued on Back Page

TUC attack on industrial law proposals

BY ALAN PIKE, LABOUR CORRESPONDENT

NEW PROPOSALS to reform industrial relations legislation were announced by the Government yesterday, covering among other things, industrial tribunal and unfair dismissal procedures, and maternity provisions.

The package was described by Mr. Len Murray, TUC general secretary, as a charter for backward employers which would restore to them "the right to treat workers unfairly without infringing the law." He said the Government was intent on dismantling much of the employment legislation enacted by previous governments.

Details of the proposals were published in three working papers by Mr. James Prior, Employment Secretary. Industrial tribunal procedures are to be made more flexible and employers will welcome proposals to sift out cases which stand little chance of succeeding at a hearing. This could lead to costs being awarded against a party who insists on going ahead with a weak case.

One of the most controversial proposals is a suggestion that new companies with fewer than 20 employees should be exempt from the unfair dismissal provisions for the first two years of trading. Union leaders are bitterly opposed to the legal rights of some workers being weaker than others merely because of the size of establishment in which they work.

The working papers also cover the thorny topic of the union recognition procedures of the Employment Protection Act which, it is generally agreed on both sides of industry, have not worked well. They ask whether it is worth having statutory recognition procedures at all, or whether the Advisory, Conciliation and Arbitration Service should be left to try to settle disputes on a voluntary basis.

Mr. Murray said that if implemented the proposals would take away existing legal rights of individual workers. The TUC general council would strongly oppose them and try to persuade the Government to think again.

However, Mr. Prior made a particular point of stressing that he did not believe he was "mounting an attack on the concept of protection for employees" when he announced the publication of the working papers yesterday.

Balance

The Government believed some aspects of the legislation were actually operating against the interests of working people by discouraging employers from taking on new staff. "We want to get the balance right between protection for those who have jobs and the provision of employment for those who haven't."

Yesterday's working papers follow earlier ones on the closed shop, picketing and union ballots and the Government intends to introduce legislation by the end of the year.

Details Page 12
Editorial comment Page 24

£15m debenture stock

BY RICHARD LAMBERT

LONDON TRUST, an investment trust company, is issuing a £15m debenture stock. It is believed to be the first debenture issue of such a size for at least six years.

The stock has a coupon of 13¼ per cent, and is being placed by Cazenove & Co. at £98½ per cent. The gross redemption yield at that level is 13.46 per cent. The stock can be redeemed in the years 2000-2004.

Until 1972, debentures were an important source of funds for the UK corporate sector. In that year, industrial and commercial companies raised £289m in debentures and preference shares, net of redemptions.

More recently, the prolonged upswing in nominal interest rates has kept corporate borrowers out of the market for such fixed interest securities. In 1978, redemptions exceeded new issues by over £70m.

London Trust will use about a third of the proceeds to repay bank loans incurred in recent months to finance investment in British Government stocks. The rest will be invested mainly in additional fixed-interest securities in the UK and international markets. The longer term objective is to re-invest the money in equities.

News Analysis Page 28
Lex Back Page

£ in New York

—	Sept. 24	Previous
Spot	$2.1600-1610	$2.1675-1690
1 month	0.20-0.15 dis	0.34-0.29 dis
3 months	0.90-0.85 dis	0.93-0.88 dis
12 months	3.20-3.05 dis	3.30-3.15 dis

EUROPEAN NEWS

BL's MALAISE PUTS ITS EUROPEAN PLANT AT RISK

Dealers fear the Edwardes axe at Seneffe

BY GILES MERRITT IN BRUSSELS

THE CAR PARK outside the Sofitel hotel near Brussels' Zaventem Airport looked distinctly unusual. The cause was hard to pin down until the realisation dawned that about two-thirds of the cars in it were British Leyland models.

In Britain that would be remarkable eniugh. In Belgium, where BL's market share now stands at 2.6 per cent and where the Seneffe plant—BL's only continental European assembly operation — is threatened with closure, it was extraordinary.

The key to the preponderance of Rovers and Jaguars was to be found inside the Sofitel, where 120 Belgian dealers for BL were taking part in a presentation of the group's latest promotional campaign. Although the dealers' loyalty to the UK State-owned company has become something of a byword in the Belgian motor industry, the meeting was about more advertising and promotional plans.

Many of the dealers want reassurance over the future of the Seneffe factory, whose closure was rumoured for well over a year before the recent announcement by Sir Michael Edwardes, BL chairman, that it is being "reviewed."

For the past three months Seneffe has been working at only half its capacity of 400 vehicles a week and, with demand for the ageing Minis and Austin Allegros that it assembles still dwindling, the fear is that the plant is destined to come under the Edwardes axe together with UK operations in the promised programme of rationalisation.

The worries expressed by BL's Belgian dealers are based more on emotional than on practical considerations. They see Seneffe as the symbol of BL's determination to stay in Europe and fight for a respectable market share.

They also view the factory, which was opened with some fanfare in the early 1960s, as a continental bridgehead and as a vital asset in any future sales offensives in Europe. It is, after all, BL's only European industrial operation worthy of the name, and BL sales executives in Belgium are well aware that its closure would deal a serious blow to the dealers' morale.

The Belgian Government is concerned about Seneffe for more clear-cut reasons, and the matter was at the top of the agenda when M. Wilfried Martens, the Belgian Premier met Mrs. Thatcher at 10 Downing St. earlier this month.

Seneffe provides about 3,000 jobs in the economically hard-hit southern region of Wallonia. With nearby Charleroi already suffering from the cutbacks of the steel industry's restructuring programme, the closure of Seneffe could spark a militant reaction among Francophone Walloon workers.

The possibility of mass redundancies is made no sweeter by the Seneffe workers' knowledge that they have in recent years achieved the annual 6 per cent productivity increases common to many Belgian industries if not to other operations in BL.

Whether Seneffe is to be spared or not will be decided in the coming months in London. But Leyland Industries Belgium is understood already to have pointed out to London that closure would very probably be an expensive exercise. BL's investments in Seneffe are estimated inside the Belgian operation to stand at BFr 1.25bn (about £20m), but under Belgian law the cost of paying redundancy compensation to the workforce could amount to a staggering BFr 3bn.

The exact cost of paying off Belgian employees depends on various factors, notably length of service, but when in 1976 the Belgian subsidiary of the U.S. Badger Corporation went into liquidation the 250 employees of the company received average redundancy payments of BFr 1m each.

Seneffe is not operated as a profit centre, being part of the BL Austin Morris manufacturing division. It is, therefore, hard for the Belgian Government or even executives working in BL's Belgian operation to guess at the arithmetic that senior Leyland management is now doing. What is clear though, is that the Seneffe plant's difficulties have much more to do with the malaise inside BL than with conditions in the rest of the Belgian motor industry.

Sir Michael Edwardes

Belgium has no motor manufacturer of its own, yet motor vehicles account for a tenth of the country's substantial export trade. General Motors, Ford, Volvo, Renault, Citroen and Volkswagen all have major assembly operations in Belgium. At the beginning of this year General Motors increased its workforce by 1,500 to 11,000. A total of 1.1m vehicles came off Belgian assembly lines last year, of which 900,000 were exported.

Although BL has cited high wage costs as one of the problems besetting Seneffe, motor industry experts cite the comparatively low unit cost of Belgian-produced vehicles as an important factor in the success story.

Seneffe is not crucial to BL's market share in Belgium but is nevertheless important. Belgians argue that the plant's high level of stock guarantees a 93-94 per cent availability of parts for Minis and Allegros that are not only produced for Belgium but also for Holland, France, West Germany, Italy, Austria and Switzerland.

The indications are that BL does plan to cease assembly at Seneffe in due course and to convert the plant into a centre for pre-delivery inspection, but it remains to be seen whether the high costs of closure, together with the political objections likely to be raised, will cause these plans to be modified.

Invisible earnings boost Dutch payments balance

BY CHARLES BATCHELOR IN AMSTERDAM

THE NETHERLANDS recorded a surplus on its balance of payments current account in the second quarter of 1979, confirming the recent official forecast of an improvement in the country's payments position.

The surplus was Fl 360m (£85.5m) on a transactions basis, according to seasonally adjusted Finance Ministry figures. This compared with a deficit of Fl 545m in the first quarter of 1979 and a deficit of Fl 405m in the second quarter of last year.

The improvement was largely due to invisible items such as services, transit trade, transport and payments for work abroad. The visible trade position also improved, with exports just exceeding imports by value.

The unadjusted figures showed a surplus of Fl 364m in the second quarter compared with a deficit of Fl 257m and of Fl 481m in the first quarter of 1979 and the second quarter of 1978 respectively.

In the first half of 1979 the Netherlands had a seasonally adjusted deficit of Fl 185m, compared with a deficit of Fl 1.04bn in 1978. Before adjustment however there was a surplus Fl 107m in the first half of 1979 against a deficit of Fl 607m last year.

The Central Planning Bureau earlier this month produced revised forecasts showing that the payments position would be in balance this year compared with its previous forecast of a deficit of Fl 1.5bn. It also forecast a return to a surplus, put at Fl 1bn, next year.

The Dutch Finance Ministry will hold a tender for a new 8¾ per cent 10-year State loan, the price and size of which will be announced after subscriptions close on October 2.

The new loan reflects the slight decline in interest rates since the 9 per cent 15-year loan which raised Fl 880m at tender in August.

This loan was priced at 100.5 per cent to give a yield of 8.9 per cent. The latest loan may well be the last State offering this year and could total Fl 400-500m, bond dealers said.

Shell refinery strike will hit supplies of petrol

BY OUR AMSTERDAM CORRESPONDENT

THE STRIKE-HIT refinery of the Royal Dutch/Shell group at Pernis near Rotterdam will take 7-10 days to return to normal operating levels even if an immediate agreement is reached on union demands for shorter hours, says the company.

Shortages of petrol and diesel fuel will be felt in the Netherlands where the company accounts for about a quarter of the supplies of these products.

The refinery, the largest in the group, is in the process of being shut down.

The other principal companies with refining capacity in the Netherlands have said they cannot make up for the lost Shell production because of restricted crude oil supplies and the difficulty of anticipating how long the strike will last.

Workers who are opposed to the strike which started on Monday, are planning a protest march in Rotterdam today. Shell has offered to continue paying workers who register with the company as being prepared to work.

A row has broken out over how many of the 7,000-strong workforce actually want to strike. The works council, which represents white collar workers as well as production workers, claims only 20-30 per cent are in favour.

The smaller of the two unions at the plant, the CNV, says 60 per cent of its members would accept the company's offer.

The other union, the FNV, says, however, that 97 per cent of its 1,200 members are in favour of the stoppage. It denies seeking a confrontation to save face after the embarrassing strike of Rotterdam dockers which it was unable to support.

The FNV is seeking a 35-hour working week and the introduction of five-shift working. Shell has offered extra holidays

France warned of fuel shortage next winter

BY TERRY DODSWORTH IN PARIS

THE FRENCH GOVERNMENT has been warned by one of the country's leading oil companies that serious shortages of home-heating fuel could develop early next year, if it does not allow a substantial price increase.

According to Compagnie Française de Raffinage (CFR), the refinery and distribution subsidiary of Total oil group, there is no certainty that France will be able to buy sufficient supplies unless the oil companies can increase domestic charges.

Prices in France, it says, have been held 8 per cent below those now prevailing in Holland and Italy, and 30 per cent under West Germany's.

The company's claims will make dismal reading for French consumers, who have already absorbed a 34 per cent increase in fuel-oil prices this year. Gas and electricity prices have gone up by 15 per cent, coal by 8 per cent, and there is a strong possibility of selective electricity cuts this winter to prevent a total breakdown of the type which occurred last December.

So far, there has been no indication that the Government is disposed to accept CFR's reasoning. Oil prices are one sector in which central controls have been maintained in the face of the new industrial liberalisation policies, and it seems that the authorities feel that prices have gone up quite sufficiently this year.

The Government also seems confident that it can find sufficient supplies to last out the winter, unless there is a radical change of policy among the OPEC oil-producing nations.

In addition to the price rises, domestic fuel oil users are being forced to cut their consumption this year by 10 per cent as part of the economy measures announced by the Government in the summer. This should reduce total consumption to about 29m tonnes in the year up to the end of next June, against 32.3m tonnes in the same period last year.

E. Europe currencies fall on black market

BY LESLIE COLITT

EAST EUROPEAN currencies, from the Soviet rouble to the East German mark, have slid to their lowest levels since the early post-war years at the unofficial or black market rate offered by Western Berlin banks and exchange offices. Specialists here say this reflects growing uncertainty about the economic outlook in the Communist countries.

The East German mark, which sold for 25 West German pfennigs in February, has fallen to below 21 pfennigs. The GDR mark costs 1 West German mark when purchased at the official rate in East Germany but, like the other East European currencies, it is non-convertible and its exchange rate in the West is determined by supply and demand.

The Russian rouble, which cost 65 pfennigs a year ago, now sells for 50 pfennigs in West Berlin. Poland's zloty is the only East European currency which has not lost heavily in value, remaining at a rate of about 50 zlotys for 1 Deutsche Mark compared with the official Polish rate of some 16 zlotys to the D-mark.

The other East European currencies have all fallen at the unofficial Western exchange rate because of what dealers in West Berlin call worsening economic conditions in Eastern Europe that are causing a larger illegal outflow of currencies to the West.

A year ago, 100 Czechoslovak crowns cost nine D-marks while the price now is DM 7.50. Last year 100 Hungarian forint cost DM 8 and today only DM 6. Similarly, the Bulgarian lev sold for DM 1.10 last year and 80 pfennigs at present, while 100 Romanian leu sold for DM 8.50 last year and DM 6.80 now.

Although East Germany has the strongest economy in Eastern Europe and the most stable prices, its currency has none the less fallen sharply on the black market.

Herr Hans Binsch, a West Berlin dealer specialising in East European currencies, says that in the tourist season when East Germans stream into Poland and Hungary the black market value of the East German mark falls inside those countries.

Polish and Hungarian tourists travelling to the West bring East German marks with them and exchange them into dollars. The dollars are subsequently used to open interest bearing dollar-bank accounts in their homelands.

Another factor depressing the exchange rate for the GDR mark in the West is the falling demand for it, says Herr Binsch. Previously, he says, East European and other diplomats in East Berlin were able to pay for their embassy expenses and rentals in GDR marks bought advantageously in West Berlin. Now, however, these must be paid for in hard Western currency.

FINANCIAL TIMES, published daily except Sundays and holidays. U.S. subscription rates $365.00 per annum. Second class postage paid at New York N.Y. and at additional mailing centres.

هكذا من الأصل

هكذا من الأصل

Suarez postpones visit to America

By Robert Graham in Madrid

THE SPANISH Prime Minister, Sr. Adolfo Suarez, has at the last minute postponed an eight-day trip to three Central American countries and the U.S.

In a laconic comment on the postponement yesterday, Sr. Suarez said it was caused by "a few internal considerations." The postponement is being linked to the renewed upsurge of violence in the Basque country.

In the past six days, three senior army officers have been killed in a new campaign by ETA, the militant Basque separatist grouping. The most recent attack was the assassination of Gen. Lorenzo governor of Guipuzcoa Province, on the San Sebastian seafront on Sunday.

Sr. Suarez' decision was made after consultation with Sr. Marcelino Oreja, Foreign Minister, who is at present at the United Nations in New York.

The Government is expecting further attacks by ETA, geared to the current campaign for the referendum on the Basque autonomy statute. The referendum is not due until October 25.

There have been rumblings from the military over the Government's apparent inability to come to terms with terrorism. But the postponement o fthe trip—to Costa Rica, Panama, Nicaragua, and the U.S.—appears to be a gesture aimed at the general public.

Sr. Suarez is said to be anxious to reassure the country that, at a time of increased violence, he wants to be in active control.

Some diplomatic observers feel that the postponement is an over-reaction to the security situation, but Sr. Suarez is said to have been advised against making a long foreign visit at this time. To be seen making such a trip, much of which was of marginal value, might be held against him if the security situation deteriorated in his absence, his advisers said.

Government to finance coal stocks

By Our Midrid Staff

THE SPANISH Government has taken an important step to ease the financial problems of the coal mining industry by undertaking to finance coal stocks until 1982.

Over the past two years the high cost of borrowing to finance stocks has had serious consequences both on mining companies and on the utilities that buy coal and coke for power stations.

The utilities have been obliged to cut their stocks and in some cases have been well behind in paying for orders. As a result, the cash flow of the mining companies has been affected, and in turn there have been frequent incidents of unpaid wages.

For the rest of this year the Government has agreed to set aside Pta 3.6bn (£25m).

COMMON MARKET BID TO RESTRICT IMPORTS

Outline accord on sharing out oil

BY GUY DE JONQUIERES IN BRUSSELS AND DAVID WHITE IN PARIS

EEC GOVERNMENTS reached tentative agreement yesterday on a formula for distributing oil imports among them which, they hope, will enable them to limit their aggregate imports between now and 1985 to 472m tonnes annually, the same level as last year.

The arangements, worked out between ambassadors of the Nine here, are still subject to final confirmation and can be reopened.

Officials hope the agreement can behardened up in time for today's meeting in Paris, at which the world's seven major industrial powers and a delegation from the European Commission plan to review progress made towards reducing oil imports over hte next six years.

The meeting, called to follow up the resolutions made at the seven governments' Tokyo summit three months ago, is expected to decide on means for monitoring the agreed import quotas.

The talks, attended by the U.S., Canada, Japan, West Germany, Britain, France and Italy, are also expected to deal with proposals for developemnt of alternative energy sources and the problem of free market oil prices, which the French are particularly insistent on controlling.

Failure by the EEC to agree on conclusive undertakings could lead to a serious row with the U.S., which has insisted that each of the Nine commit itself to binding national limits as well as to the 472m-tonne ceiling for the Community as a whole.

The U.S. is unlikely to be pleased, either, by an understanding reached between the Nine that their national limits should be flexible. If one country fails to use its share, the balance could be made available to others, provided the overall ceiling is respected.

Officials here suggested, however, that the EEC would react strongly to any U.S. pressure.

Putting the Tokyo commitments into effect has already proved a politically sensitive business, not least because the smaller EEC countries not represented at the summit have resented the fact that leaders of the four big member states gave important undertakings there without consulting them.

The U.S. agreed in Tokyo that it would limit oil imports to 8.5m barrels a day in 1985, in exchange for a commitment by EEC countries to define their own import quotas more precisely. Different targets were set for each of the summit participants, amid evidence of continuing differences between the Europeans and the others.

Today's talks take place against a background of renewed uncertainties about price developments, particularly concerning African producers. Supply pressures have on the other hand tended to ease in recent months as consumers have taken advantage of Saudi Arabia's increased output in order to stock up for the winter.

The Paris-based International Energy Agency is due to release on Friday a report on Western energy conservation measures. The report, the agency's first full analysis since 1976, is expected to suggest that consumer countries could cut back much further than they have done so far.

Call to end non-tariff barriers in EEC

BY PHILIP RAWSTORNE

BRITISH Tory MPs are to launch a vigorous campaign in the European Parliament to abolish non-tariff barriers to trade within the Community.

Sir David Nicolson (London Central) and Mr. Basil Ferranti (Hants. W.) are protesting that the protectionist measures taken by national governments were now making a mockery of the Community's free trade ideals.

Technical barriers to the free movement of goods between member states had increased more than fourfold in the past five years, they say. The EEC Commision is at present investigating more than 400 cases which it admits are only the "tip of the iceberg."

Sir David claims that governments of member-states were discouraging imports by subjecting them to excessive documentation and customs checks, restrictive technical conditions and discriminatory charges and price fixing.

"These protectionist measures strike at the very basis of the EEC's establishment as a Common Market," he declares. The restrictions were increasingly affecting the Community's invisible trade—particularly insurance and financial transactions through the City of London—as well as the movement of goods.

Sir David will press the Commission to take urgent action. Wide-ranging regulations should be introduced to standardise technical and quality controls, he says. A European Standards Institute should be established to relieve the Commission of the work of technical harmonisation.

Sir David will also urge that immediate steps should be taken to reduce and simplify customs procedures.

"Exhortations are no longer enough. The time has come for positive, practical measures to remove the barriers and promote trade within the Community."

According to the Commission, all EEC member-states are guilty in some degree of restrictive practices. Complaints have been levelled against French regulations, which, it is claimed, exclude such diverse imports from the French market as forklift trucks, toys and sweaters. But France has complained in turn about the duty advantages enjoyed by British beer over French wine.

Many exporters to West Germany also claim that its quality and performance standards often vary from region to region, and tend to discriminate in favour of its national manufaturers.

Big guns bear on butter sales

BY MARGARET VAN HATTEM IN STRASBOURG

THE DEBATE on EEC butter sales to the USSR drew all the British guns in the European Parliament yesterday. Tory and Labour MPs alike were anxious to put the case of the British housewife who, they said, is incensed that her Russian counterpart gets subsidised butter at about a third of the Community's price.

This, they demanded, must stop. But here they broke ranks. The Tories insisted that butter mountains were in order so long as the Russians did not benefit. The Labour members retorted that the Russians need not be singled out. If the EEC Commission did something about abolishing the butter mountain, no-one would stand to gain from the Community tax-payer.

The Commission, however, was unmoved. It could not discriminate against the USSR and and would not stop sales while the butter mountain remained.

As for curbing the over-production that has caused the mountain, that was up to the Parliament. The previous assembly had refused to support Commission proposals for curbing the dairy sector last year. If the new direct-elected Parliament felt so strongly about the consequence of that refusal, it could support the Commission when similar proposals are wheeled out later this year.

Swiss propose austerity budget for next year

BY BRIJ KHINDARIA IN GENEVA

THE SWISS Finance Minister, Mr. Georges-Andre Chevallaz, has proposed an austerity budget for next year and has kept the projected deficit down to about SWFr 1.3bn (£382m), compared with an earlier estimated deficit of SwFr 2.4bn.

This would be about the same as this year's deficit, but drastic cuts have been made in some areas of government spending to sustain large increases in military and state pension funds.

The budget comes on the heels of a Statistic Department report showing that Swiss Gross National Product (GNP) grew by only 0.2 per cent in real terms (corrected for inflation) last year.

State subsidies to farming and agricultural are unchanged at SwFr 300m annually. Total expenditure of SwFr 17.342bn is seen for next year, about SwFr 850m more than this year, and revenues of SwFr 15.045bn, about SwFr 839m more than this year. The deficit will be about SwFr 45m less than 1979.

defence spending (SwFr 3.5bn). Social security will absorb SwFr 3.6bn.

The Government fears that the budget deficit may widen in coming years to as much as SwFr 4bn if no new revenue sources are found because some items, such as defence, cannot be held in check any longer.

The 1980 budget provides for a 20.2 per cent increase in

Judge Cesare Terranova

Judge shot dead in Palermo

By Rupert Cornwell in Rome

ITALY'S LATEST wave of violence intensified yesterday with the murder in Palermo of Sig. Cesare Terranova, a leading Sicilian judge and until last June a left-wing independent MP. His bodyguard was also killed.

The Palermo killings have completely overshadowed events in Rome on Monday night, when police surprised and wounded Sig. Prospero Gallinari, believed to be one of the commanders of the Red Brigades terrorist organisation. He is wanted in connection with the assassination of the former Premier, Sig. Aldo Moro,

Sig. Terranova (58) was ambushed by a group of gunmen as be drove from his home in central Palermo. Although a right-wing extremist group has claimed responsibility, police assume the Sicilian mafia is behind the crime.

Judge Terranova spent most of his working life investigating organised crime on the island. During his seven years as an MP he served on Parliament's anti-mafia commission, and was regarded as one of Italy's experts on the organisation.

Meanwhile in Rome, Sig. Gallinari's condition was reported last night to be slightly more hopeful after a lengthy brain operation.

West German building boom 'tailing off'

BY ANDREW FISHER IN FRANKFURT

THE POWERFUL surge in West German construction activity, which followed a long period in the doldrums, is showing signs of tailing off, a survey by Commerzbank shows. Demand for new buildings has passed its peak, the survey adds.

Even so, there was enough work to maintain a high level of production next year, which meant that growth was unlikely to start tapering off until 1981.

Commerzbank listed the warning signs in the industry, which has been setting the pace in West German domestic economic activity since last year, as an acute shortage of skilled labour, a high level of capacity utilisation, and soaring costs.

The harsh winter early this year halted house-building, and the industry was still struggling to catch up, the bank said.

House building accounted for about half the industry's total work, and this year's completion rate of some 410,000 dwellings would be one-tenth higher than last. But this would still leave it behind the 1977 level, and completion levels would not reflect the boost in 1978 planning approvals until next year.

Because of the cyclical nature of the industry—in recent years, building companies have sought to offset dwindling business at home with expanded foreign activity—the outlook for 1980 was generally viewed with caution, Commerzbank added.

The sharp recovery in the industry's fortunes occurred in stages, the bank noted, with 1977 seeing the effects of public works projects and government spending expansion.

Last year, the thrust shifted to the housing sector, while the present emphasis seemed to be on commercial buildings. Housing output should remain at its present high level throughout next year.

In 1981, house-building business would start to mark time, and the industry's growth rate should ease off.

Criticism over poison find

BY ROGER BOYES IN BONN

THE West German Ministry of Defence, Hamburg authorities and the local police force have been accused of negligence and miscalculation following the discovery of hundreds of tonnes of highly poisonous chemicals and explosives on a disused factory site in Hamburg.

A report issued by the environmental specialist of the Hamburg Senate said yesterday that the "appropriate authorities had not fulfilled their tasks satisfactorily" in monitoring the activities of the Stoltzenberg company which produced and stored the chemicals.

The matter came to light this month when a boy died after handling chemicals he had found on the unguarded site. Subsequently about 70 tonnes of poisonous chemicals and 400 tonnes of a zinc sludge used in the manufacture of explosives were found.

The discovery has raised questions about responsibility for supervising dangerous chemical storage. Part of the problem is the division of responsibility between the federal and state governments. But there is also the question of whether the planning, the building, the economic or the agricultural authority should bear responsibility within the state framework.

The report makes clear that the Defence Ministry and the police must also have known about the explosives for years without having taken any action. Various Hamburg authorities had been informed as long ago as 1959 about buried materials.

OVERSEAS NEWS

MacLehose to retain Hong Kong governorship

BY PHILIP BOWRING IN HONG KONG

THE GOVERNOR of Hong Kong, Sir Murray MacLehose, has had his term of office extended until April 1982. Mr. Peter Blaker, Minister of State, British, Foreign and Commonwealth Affairs, said here yesterday.

It is the fourth time Sir Murray has been reappointed and will mean that he will have served for more than 10 years—a record.

The reappointment is closely linked with recent developments in China. The British Government has clearly concluded that Sir Murray is the right person to cement relations between China, and Hong Kong and Britain.

The Chinese have let it be known that they would like to see Sir Murray remain in office. This follows his successful tour of China in April. Sir Murray would like to crown his career as governor by strengthening Hong Kong's position vis-a-vis China and Britain, and his reappointment will be popular throughout the colony.

Sir Murray's main achievement has been to preside over the improvement of housing, education and other services in Hong Kong, while making a determined attack on corruption.

Most recently, he has gained international prominence by highlighting the problem of Vietnamese boat refugees and Hong Kong's role in giving them asylum.

John Hoffmann reports from Peking: China yesterday published details of its nuclear and space programmes, subjects about which it has been stolidly secretive in the past.

China conducted 20 nuclear tests between October, 1964, and March, 1978.

The first nuclear guided missile test was in October, 1966. The most active nuclear year was 1976, when four explosions were recorded. Eight satellites had been launched successfully between April, 1970, and January, 1978.

Egypt takes back more Sinai land

By Roger Matthews in Cairo

EGYPT YESTERDAY regained control of another large slice of Sinai as Israel completed the third stage of its phased withdrawal under the terms of the peace treaty.

The raising of the Egyptian flag at Abu Darba, off the Gulf of Suez, brought another 4,500 sq miles under Egyptian sovreignty. By the end of this year, nearly two-thirds of Sinai will have been handed back, including the Abu Rudeis and Alma oilfields.

A sign of Egypt's determination to allow nothing to upset this process was the absence of any immediate Government statement condemning Israel's action in shooting down four Syrian jet fighters over Lebanon on Monday.

Later today, Egypt, Israel and the U.S. resume their negotiations in Alexandria on Palestinian autonomy.

David Lennon reports from Tel Aviv: Controversy continues to rage in Israel over the visit by a group of American black leaders, headed by the Rev. Jesse Jackson.

The Government has refused to let any officials meet the group, which is making a fact-finding tour of the region.

S. Africa boost for black unions

BY QUENTIN PEEL IN JOHANNESBURG

MIGRANT WORKERS are to be allowed to join registered black trade unions, Mr. Fanie Botha, South African Minister of Manpower Utilisation, said yesterday. This group accounts for at least one in three of the country's labour force.

The announcement is a significant concession to criticism from unions and private enterprise of the Government's new labour deal. But it may yet fall short of black unions' expectations, for the move has been made as an exemption rather than as a legal right.

The concession covers all migrant workers living in South Africa, including those tribal homelands granted independence — Transkei, Bophuthatswana and Venda — but not migrants from other countries such as Mozambique and Rhodesia.

It also includes so-called "commuters" who live within the borders of a homeland but works in white urban areas.

The exclusion of migrant workers from the Government's new labour laws, which come into effect on October 1, was seen as negating the spirit of the Wiehahn Commission, which had proposed freedom of association for all South African workers, and legal recognition of black unions.

It also undermined the other main aim of the Wiehahn Report — to bring black unions under the control of Government institutions — because most black unions had declared their intention not to register under the newé regime.

Mr. Botha announced his concession yesterday at the conference of the Federated Chamber of Industries in Johannesburg.

Nigeria lifts Barclays Bank accounts ban

By Mark Webster in Lagos

THE NIGERIAN Government has lifted its ban on public sector agencies holding accounts with the recently renamed Barclays Bank, it has been announced here.

The lifting of the embargo marks the end of a turbulent period in the bank's involvement with Nigeria which was caused by Barclay International's connections with South Africa.

In 1978, the present military Government ordered all public sector agencies to withdraw their funds from Barclays leaving only those accounts with debit balances.

Then in February this year, Barclays changed its name to Union Bank after the military Administration advised the bank to sell a further 20 per cent of the equity held by Barclays International to the Nigerian public.

The bank is now more than 50 per cent Government-owned.

India may have new party

By K. K. Sharma in New Delhi

A NEW political party is expected to be launched here today, either through the merger of the existing ruling Janata (Secular) party of Prime Minister Charan Singh with its allies, or an effective electoral alliance with them.

Among the groups which will comprise the party, apart from the Janata (S), are the Socialists and the "Congress for Democracy" formed by Mr. H. N. Bahuguna. The new party is expected to be named the "Lok Dal" (People's Party).

Iran oil chief returns

TEHERAN — Mr. Hassan Nazih, chairman of the National Iranian Oil Company, returned to his office yesterday, apparently to prevent further industrial action by employees backing him in a dispute with the ruling clergy.

Workers at the NIOC headquarters stopped work on Monday, to hold a meeting in support of Mr. Nazih and to reject any outside interference in the corporation's affairs, according to a NIOC spokesman. There were no reports of stoppages yesterday.

The stoppage, first of its kind in Iran's most important industry since the overthrow of the Shah last February, did not affect oil production.

The company hoped attacks on Mr. Nazih would now stop, the spokesman added.

But if the chairman were replaced, there would probably be disturbances, particularly in the oil-producing areas of the south.

The clergy, however, yesterday kept up its pressure on Mr. Nazih. The row started when Ayatollah Khomeini's son-in-law said on State radio that the oil chief did not have the confidence of Iran's unofficial head of state, directly contradicting a recent statement by Dr. Mehdi Bazargan, the Prime Minister.
Reuter

THE STRUGGLE FOR POWER IN KAMPUCHEA

UN failure presages new war

BY NAYAN CHANDA, RECENTLY IN KAMPUCHEA

Kampuchea has been ravaged by war for more than a decade. The prospects seem bleak. A brief period of peace after U.S. military withdrawal from Vietnam ended abruptly when the brutal Pol Pot regime took power: in three years, Kampuchea's 7m population shrank to 3m as a result of systematic violence. Famine is now widespread. Another 2m people could die soon.

THE VIETNAMESE, in a 15-day blitzkreig in January this year, drove the Pol Pot regime out of Phnom Penh. But their diplomatic campaign last week to drive Pol Pot's representative out of the United Nations fell flat on its face.

While this failure on the part of Hanoi will gladden the hearts of opponents, there is little hope that it will hasten the end of the Kampuchean tragedy. In fact, resolve of Vietnam's leaders to mount a fresh assault on remaining Pol Pot strongholds once the monsoon ends in two weeks' time. Troop movements have already begun.

The failure has also probably put and end to international relief efforts to get food and medical supplies to the starving Kampuchean people.

The UN General Assembly decision by an absolute majority to retain the Pol Pot delegation will certainly breathe new life into a regime that has lost successively the right to speak and then the right to sit at the non-aligned meetings.

It will also strengthen the resolve of China and the Association of South East Asian Nations (ASEAN)—Singapore, Malaysian, Thailand, Philippines and Indonesia—to bolster the "legitimacy" of the Pol Pot group, which has proved an effective weapon in resisting the Vietnamese and their Soviet Bloc friends at the UN.

The forthcoming General Assembly debate on the Kampuchean question, which was placed on the agenda in the face of stiff Soviet-Vietnamese opposition, is also likely to put Vietnam on the spot and so provide opportunity to its opponents to bring international pressure for the withdrawal of its troops from Kampuchea.

Long-time observers of Vietnam are, however, doubtful whether the recent failure at the UN or the embarrassment of public criticism would bring any immediate softening of Hanoi's posture on Kampuchea, where it maintains overwhelming military superiority. If anything, it is felt that the Vietnamese will now devote their whole attention to achieve by military means what they could not do at the UN: total elimination of Pol Pot resistance.

In addition, the Vietnamese are likely to end co-operation with the international aid organisations that have been trying—so far with scant success—to get food and medical supplies to millions of starving war-trapped Kampucheans.

Even before the meeting of the General Assembly, the Vietnamese had been making quiet preparation for a major dry season operation to wipe out Pol Pot resistance in Western Kampuchea along the Thai border.

Western intelligence sources say that recently an average of two to three Soviet transport planes have been flying daily into Siem Reap carrying troops and material from Vietnam, increasing considerably the Vietnamese troop presence, which in August was estimated to be 150,000.

As military activity increases, so the Vietnamese are likely to block access through projected battle areas for relief workers. If widespread starvation is to be avoided, then an estimated 700 tons of rice a day has to be distributed through Kampuchea. Only a fraction of this amount is being channelled into the country even now—and once war preparations begin in earnest, even less is likely to arrive.

Althouh there have been hints from Hanoi that the anti-Pol Pot drive might spill over into Thailand as the latter had allegedly given shelter to the ousted Khmer Rouge leader, Vietnam is believed to have shown some restraint in order not to antagonise the ASEAN countries too much before the UN meeting.

But on the day after the UN vote in favour of Pol Pot, Phnom Penh radio gave a stern warning to Thailand "not to go too far" in backing the ousted leader.

Some observers take the warning as preparing the ground for Vietnam's final drive against Pol Pot at the end of the rainy season.

Other subtle messages also have been delivered to Bangkok warning that if Thailand continues to funnel money and arms through its territory the Vietnamese may reconsider their earlier pledge not to support Thai Communist insurgency.

If Hanoi manages to win Thai neutrality by coaxing and threats, the coming dry season could see the virtual end of Pol Pot resistance. For without a secure Thai land rear, which proved vital earlier this year when tens of thousands of its troops and peasants escaped into that country before the advancing Vietnamese army, the Pol Pot forces would be vulnerable.

Without Thai asylum, however, temporary, and transit facilities for Chinese arms supplies remnants of the Khmer Rouge army can be crushed by the Vietnamese.

Following the victory of Pol Pot at the UN, a neutral Thai posture is extremely unlikely. Not only China, but the whole ASEAN bloc, and particularly frontline Thailand, would do their best to assure the survival of Pol Pot resistance, if only to play the "legitimacy" card against the Hanoi-installed Heng Samrin regime.

In view of such commitment to Pol Pot's survival, it is thought highly unlikely that the coming Vietnamese offensive would be able to crush completely Pol Pot resistance. And if the Vietnamese army enters Thailand in "hot pursuit" of the Khmer Rouge it may trigger a second Chinese strike against Vietnam which in turn may cause Russia to react.

What seems to be more likely is that, despite the coming Vietnamese offensive, Pol Pot resistance will linger on in parts of Kampuchea into the 1980s and Vietnamese troops would make distribution of urgently needed international assistance extremely difficult.

The Vietnamese are aware that they are not particularly loved by the Khmer population, who showed initial gratefulness at being liberated from Khmer Rouge rule.

Recently a Vietnamese official in Phnom Penh said: "We should certainly not overstay our welcome." But at the same time the Vietnamese will certainly not put Kampuchea back into the hands of a pro-Peking government just because they are being condemned for its invasion.

Vietnamese in Phnom Penh have suggested that they would like to see the Heng Samrin regime broaden its base by holding a general election to include some former Sihanoukist and patriotic elements in the Government. They would never accept any co-operation with the Pol Pot group, however.

As far as China is concerned, no solution in Kampuchea is acceptable if it does not recognise the legitimacy of the Pol Pot regime and the dissolution of the pro-Hanoi regime. One military analysts says: "China, in fact, is not interested in seeing the Vietnamese leave Kampuchea. The longer they stay, the better it is for Peking."

Peking would like to see a protracted guerrilla war in Kampuchea, since its strategy consists of economically weakening, diplomatically isolating and militarily pressurising Vietnam so that the present leadership cracks.

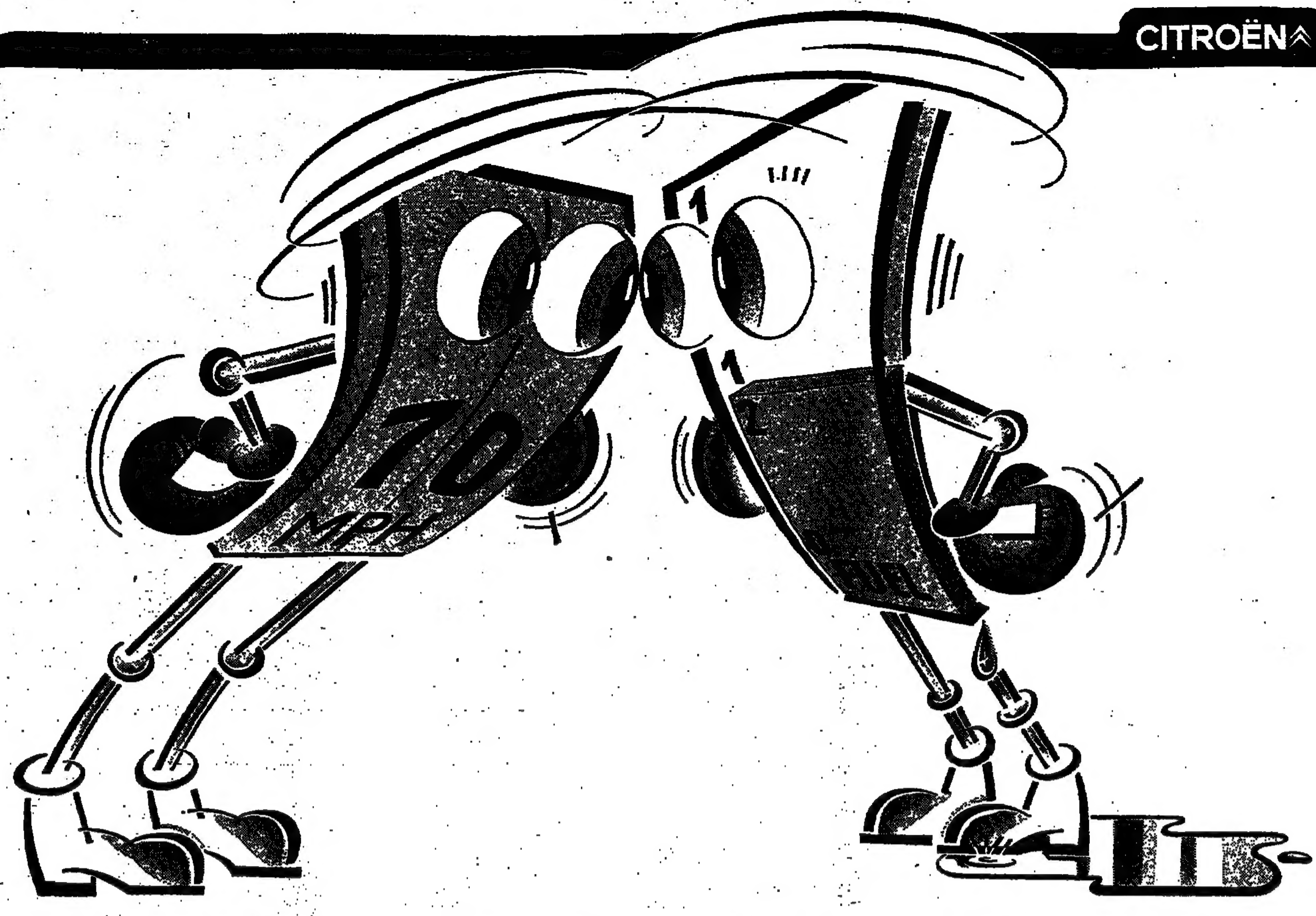
It hopes that as Vietnamese military and economic resources become over-extended, and Khmer hostility in Kampuchea increases along with armed opposition in Laos, so economic crisis at home would eventually bring about change in Hanoi and loosen its grip over Indochina.

Threatened by disastrous famine and disease and facing the prospect of a war without end, the hapless Khmer people are suffering most.

One of the great aphorisms of the Indochina war is again being applied to Kampuchea—one has to destroy Kampuchea to save it.

هكذا من الأصل

CITROËN



CITROËN ANNOUNCE A TRUCE BETWEEN THE SPEEDOMETER AND THE FUEL GAUGE.

High performance and low fuel consumption have always been mutually incompatible in the internal combustion engine.

But even in an energy-conscious world, there are still occasions when you need to eat up the miles.

Fortunately, Citroen have resolved this dilemma with a brand new generation of cars whose very lively performance is matched by equally outstanding economy: the new Reflex and Athena.

Their powerful new 2-litre overhead camshaft engine delivers effortless acceleration up to 109 mph, and outperforms virtually all of its competitors.

Yet by putting this ultra-modern engine into the aerodynamically incomparable body shape of the CX, Citroen have achieved fuel consumption figures that take some beating.

The Reflex gives 35.8 mpg at a constant 56 mph, 29.1 mpg at a constant 75 mph, and 23.5 mpg in the urban test. Acceleration and fuel consumption in the 5-speed Athena is even better (39.8 mpg at a constant 56 mph).

Despite their economy, both cars have all the touches you would expect of much more highly priced luxury saloons.

And once you get behind the wheel, you'll soon discover that unique feel which keeps Citroen so far ahead in comfort, driving pleasure and safety.

The VariPower steering makes parking and manoeuvering finger-tip easy. And yet it becomes progressively firmer with speed; and combined with front-wheel drive, ensures rock-solid roadholding and handling.

Astonishingly, while these new Citroens fall firmly into the luxury car category, this is not reflected in their price-tags.

The Reflex costs just £5,697. And the Athena, with 5-speed gearbox and several added luxuries, comes in at an equally conservative £6,229.

REFLEX: SIMULATED URBAN DRIVING 23.5MPG (12.0L/100KM), CONSTANT 56MPH (90KM/H) 35.78MPG (7.9L/100KM), CONSTANT 75MPH (120KM/H) 29.12MPG (9.7L/100KM). ATHENA: SIMULATED URBAN DRIVING 23.3MPG (12.1L/100KM), CONSTANT 56MPH (90KM/H) 39.8MPG (7.1L/100KM), CONSTANT 75MPH (120KM/H) 31.4MPG (9.0L/100KM). PRICES INCLUDE CAR TAX, VAT AND INERTIA REEL SEAT BELTS, BUT EXCLUDE DELIVERY CHARGES £83.95 (INC.VAT) AND NUMBER PLATES. PRICES CORRECT AT TIME OF GOING TO PRESS. ALL CITROËN CARS HAVE A 12 MONTHS UNLIMITED MILEAGE GUARANTEE. CHECK YELLOW PAGES FOR NEAREST DEALER AND ASK ABOUT OUR PREFERENTIAL FINANCE SCHEME. PLEASE ENQUIRE ABOUT OUR PERSONAL EXPORT, H.M. FORCES AND DIPLOMATIC SCHEMES TO: CITROËN CARS LTD, MILL STREET, SLOUGH SL2 5DE. TELEPHONE: SLOUGH 23808.

WORLD TRADE NEWS

Philips in new Japan drive

BY CHARLES SMITH, FAR EAST EDITOR, IN TOKYO

PHILIPS of The Netherlands is to expand and overhaul its Japanese marketing operations in preparation for the introduction of its video-disc equipment to the Japanese market in 1981.

The expansion includes the establishment of a new, wholly-owned sales company, Philips Kaden, short for Philips Home Electric Appliances Company. It will take over responsibility for the marketing of all Philips consumer products in Japan.

Previously Philips' Japanese marketing operation was conducted by Nihon Philips, a joint venture 75 per cent owned by Philips and 25 per cent by Matsushita Electric, the top Japanese manufacturer of consumer electric appliances.

Philips Kaden will establish seven sales offices in major Japanese cities—instead of working entirely through wholesalers as has been done up until now. It will introduce audio equipment and hearing aids to the Japanese market, besides continuing to sell coffee makers (where Philips has a 35 per cent market share) and shavers. The company may put Philips video tape recorders on sale in Japan depending on the response to the company's new eight-hour recording model at this autumn's Tokyo audio exhibition.

Philips says it has made steady progress in developing its Japanese sales since it entered the market in 1972, and the time is now felt ripe for a further investment in the market. The company's expectations are focused on the sale of its video disc equipment, which should make its appearance on the Japanese market in mid-1981 after being placed on sale in Europe in late 1980.

Philips says it hopes to be a close second in putting video discs on sale in Japan. Its Japanese competitors in the initial stages are likely to include Pioneer and Sharp, which has licensed Philips' own video-disc technology. Matsushita, hitherto Philips' closest associate in the Japanese electronics industry, said yesterday it had no plans for a technical tie-up with Philips in the video disc field, nor did it have a stake in the new Philips sales company, though it retains other ties with the Dutch company.

Nihon Philips is expected to continue handling sales in Japan of products other than consumer electric appliances.

Sharp rise in imports of intermediates

BY OUR FAR EAST EDITOR

JAPAN'S imports of "intermediate materials" such as steel, copper ingots, cotton yarn and processed timber have begun to boom this year while imports of unprocessed primary products are slowing down, according to a report published by Mitsubishi Bank.

The new trend, which is causing serious concern to primary processing industries in Japan, reflects changes in the competitive balance between Japanese industry and industries in a number of developing or resource-producing countries. It also reflects action taken by a number of countries to ban the export of unprocessed products.

The Mitsubishi report says that Japan's steel exports grew by 242 per cent during the first five months of 1979—admittedly from a very small base—while imports of iron ore rose by around 10 per cent. Cotton yarn imports were up 92 per cent against a rise of less than 10 per cent for raw cotton. In the case of copper, an 88 per cent rise in ingot imports contrasted with virtually flat imports of ore.

Another important sector in which imports of intermediate products have risen fast is petroleum-based synthetics imports of plastic and synthetic yarns rose 40 to 60 per cent during the first five months of 1979 over the same period of 1978 while crude oil imports fell slightly.

Mitsubishi Bank says that Japan's imports of intermediate products used to consist of specialised items or of goods for which a temporary shortage had developed. This year, however, imports have been growing across the board.

Even in industries where the market share of imports is relatively small, such as heavy steel plate for shipbuilding, imported products have begun to act as price leaders, forcing price adjustments by Japanese producers.

Japanese industry, however, has had to abandon the practice of selling at a loss in its home market in order to counter an influx of imported intermediate goods.

Countries which have adopted administrative measures to force Japan to switch from the import of unprocessed to partially processed primary products include Zambia (copper), Peru and Mexico (zinc) and Malaysia, The Philippines and the U.S. (timber).

Developing countries have the intermediate products imports boom, increasing their sales to Japan last year by 43 per cent, compared with a 31 per cent gain in imports of semi-processed products from advanced countries.

China expected to get cheap long-term finance

TOKYO—JAPAN IS expected to grant China a long-term low-interest Government loan later this year to help its industrial modernisation programme, Finance Ministry officials said here.

However, the loan will probably not be as large as the Y1.21 trillion (£2.5bn) requested by Chinese deputy premier Gu Mu during a recent visit to Tokyo. Japan will ensure that its size is not out of proportion with the Government's economic aid to the association of South East Asian nations, the officials added.

The Tokyo Government expects the Development Assistance Committee of the Organisation for Economic Cooperation and Development (OECD) to classify China as a developing nation, which would qualify it for a loan from Japan's Overseas Economic Cooperation fund, officials said.

Loans from the fund are usually for up to 30 years at annual interest rates of about 3 per cent. However, some Japanese officials are suggesting that China should pay higher rates, the Finance Ministry commented.

A Japanese Government team is expected to visit Peking shortly to survey the eight projects.

Reuter

Bahrain and Kuwait in chemicals project

By Leslie De Quillack in Kuwait

KUWAIT and Bahrain have signed an agreement to form the Bahrain-Kuwait Petrochemical Industries Company, a move that appears to be the first example of Gulf States' jointly initiating an industrial venture.

The first phase of the project, a plan to produce 1,000 tons a day of ammonia and another to produce 1,000 tons a day of methanol, will probably not be on stream for about five years. Investment in this phase is estimated at Bahrain Dinar 140m (£170m) of which BD 56m will come from the capitalisation of the company itself—50 per cent each from Kuwait and Bahrain.

The project will be located at Sitra, Bahrain, and will use Bahrain's abundant supplies of natural gas as feedstock at the rate of 70m cubic feet per day. The products will be exported, probably to South Asia and China.

Kuwait's state-owned Petrochemical Industries Company (PIC) will represent Kuwait's interest in the new company while the Bahrain National Oil Company (BANOCO) will represent Bahrain. The agreement to form the company was signed on Saturday by Kuwait's Oil Minister, Sheikh Ali Khalifa al-Sabah, and Bahrain's Minister of Development and Industry.

Mr. Amir Behbehani, Deputy Managing Director of Planning and Development for PIC, said that an already completed feasibility study of the initial project had shown "very encouraging results." He emphasized that the agreement did not limit the company to the manufacture of the initial two products. "It can at later stages go down stream," he said.

● NEWS ANALYSIS—NIGERIAN CONTRACTS

Boost for British morale

BY MARTIN DICKSON

SIGHS OF relief will be going through many a British boardroom today at the news that Nigeria has apparently lifted its embargo on UK companies tendering for major federal Government contracts.

The embargo was imposed in June in a clear attempt to prevent Britain moving towards recognition of the Muzorewa Government in Salisbury. It seems to have been lifted as a result of the joint strategy on Rhodesia agreed by countries attending the August Commonwealth conference, including Nigeria.

Neither the imposition of the ban nor its lifting have been publicly announced by the Lagos Government. This, coupled with the fact that the measure appears to have been applied slectively, makes it difficult to quantify the effects on British trade with Nigeria, which was the UK's ninth largest export market last year.

One major tender affected by the ban was a bid by a British consortium—comprising Costain Balfour Beatty and Cementation International—for the design and construction of Onne port, in eastern Nigeria. This deal was unofficially estimated to be worth £130m or more.

Although no contract has yet been signed for the development of the port, there seems only a slim chance now of the British consortium getting back into the running, since negotiations with other companies on the short-list have moved forward substantially in the past three months.

Two more major British tenders affected by the embargo concerned Nigeria's plans to modernise its railway system and to install a sophisticated air defence system. It is not yet clear whether the lifting of the ban will give UK companies a chance to secure these contracts.

The embargo clearly hurt Britain, but its effects were ameliorated by two factors.

Firstly, it was not imposed with the same rigour by all federal ministries, some of which continued to accept British tenders for certain contracts.

Secondly, it did not apply to tenders by British companies for contracts with Nigeria's 19 states, which finance much of the country's development work.

Against this, however, the embargo is likely to have had a detrimental pysychological effect on Anglo-Nigerian trade, making both sides think twice before plunging into import-export deals. One of the most important effects of the lifting of the ban is likely to be the removal of this atmosphere of doubt.

Whatever the cost of the embargo, the effects of the move pale in comparison to two major blows which have hit Anglo-Nigerian trade during the past year.

One is the 18-month-old recession from which Nigeria is only now recovering. This forced the Lagos Government to impose tough import controls in its 1978 budget, which have yet to be lifted.

The second is the introduction last January of a scheme of pre-shipment inspection for goods bound for Nigeria. Although this is now working fairly smoothly, administrative hiccoughs in the first few months of operation reduced Nigerian imports to a trickle.

These developments have reduced every country's trade with Nigeria. In Britain's case, the Nigerian market might be worth £600m to £700m this year, compared to over £1bn in both 1977 and 1978.

However, with the Nigerian economy now recovering, the country remains a vital British export market, a point which the lifting of embargo reinforces.

$155m new orders for McDonnell Douglas jets

BY MICHAEL DONNE

McDONNELL DOUGLAS has won new jet orders for DC-10 wide-bodied and DC-9 narrow-bodied aircraft worth more than $155m (£73m).

Mexicana Airlines has signed a contract for two DC-10 jets, for delivery in 1981 and worth $85m. The aircraft will use U.S. General Electric CFS-50 engines specially adapted in the C2-F version for the high-altitude and hot weather take-offs and other operating conditions prevalent in Mexico.

Sr. Manuel Sosa de la Vega, president of Mexicana, said the DC-10s would be used on existing and new, planned routes. Last year, Mexicana carried more than 5m. passengers, the first Latin American airline to do so in a single year.

● Midway Airlines of Chicago, has agreed to buy five DC-9 Series 30 twin-engined jets, and to lease five series 10s, worth more than $70m. Delivery will begin in 1982.

AP-DJ adds from Hong Kong: Thai Airways has signed a $70m syndicated loan with a group of international banks for the purchase of three Boeing 747-200 B aircraft. The Chase Manhatton Bank said the loan consists of two portions—$47.3m for commercial bank fi nancing and $23.7m covering the down payment for the aircraft. In addition, the U.S. Export-Import has also provided a credit of $36.7m for the purchase.

Finland signs new Soviet trade pact

MOSCOW — Finland and the Soviet Union have signed a R14bn (£9.3bn) agreement covering trade for 1981-85.

The framework agreement allows for an increasing of 40 per cent in Finnish-Soviet trade, compared with the present five-year period.

Some two-thirds of the new agreement represent energy products, and the Soviet Union will step up oil deliveries to between 7.5m and 8m tonnes a year over the five-year period, from the current 7m.

Reuter

Ships to be 'stretched'

By Lynton McLain

HAPAG-LLOYD, the West German shipping company, is to convert three of its general cargo vessels for use as mixed general cargo/container vessels.

The Friesenstein, Holstenstein and Schwabenstein are to be lengthened by 48 ft to provide an extra hold, which will give the vessels capacity to carry 316 international standard 20 ft containers.

The work on the first vessel, to be carried out at the Thyssen-Nordsee-Werke yard, at Emden, will be finished in February.

The decision to convert the vessels comes at a time when there is overcapacity in the general cargo trades.

Datasaab wins order

Datasaab, the Swedish manufacturers of computer-based business and terminal systems, has won an order for bank terminals from Citibank in New York. The order is valued at SKr 70m (£8m), writes John Walker in Stockholm. Included in the order are automatic note counting facilities. Citibank is claimed to be the most advanced in the U.S. concerning the automatic handling of money.

UK sales thrust in China

BY OUR AEROSPACE CORRESPONDENT

A MAJOR effort by the UK aerospace industry to boost sales to China will be made at an Aviation Equipment Exhibition to be mounted in Shanghai from March 27 to April 5 next year. It will be the first such exhibition in China by any foreign aircraft industry.

Already, 65 companies in the UK industry, all members of the Society of British Aerospace Companies and ranging from British Aerospace and Rolls-Royce to small equipment makers, have agreed to participate.

The exhibition will be supported by a symposium for which nearly 100 papers have already been submitted.

The exhibition will also coincide with the start of British Airways' scheduled passenger services into China, due next April 1.

Described by the SBAC as the most ambitious independent overseas sales effort yet undertaken by British aviation, the exhibition will involve a special airlift of exhibits, ranging from full-scale Rolls-Royce RB-211 aero-engines to large-scale models of aircraft, helicopters, hovercraft and spacecraft.

Among examples of British electronics and equipment to be shown will be radars, landing gear, navigation and air traffic control aids, complete flight systems, cockpit displays and flight simulator presentations.

The target is not only the Chinese Civil Aviation Administration (CAAC), which is expanding both domestically and internationally and is thus expected to buy several hundreds of new aircraft over the next 20 years, but also the military authorities.

The potential market for aviation equipment in China over the next 20 years is seen as not less than £1bn for aircraft and associated systems.

AUSTR ALIA'S SMALL EXPORTERS

Success in specialised markets

BY CHARLES SMITH

AUSTRALIA EXPORTS half of 1 per cent of the manufactured goods that circulate in world trade and is usually reckoned to be uncompetitive in most conventional industries. This has not prevented a handful of businessmen from selling some unlikely things in some surprising markets. A case in point is 35-year-old Mr. Des Hockley, who downed tools ten years ago in the Adelaide engineering shop where he was a fitter and turner and now sells A$4m (£2.1m) worth of aluminium alloy wheels in markets as far afield as the West Indies, Malta and Japan.

Mr. Hockley's overseas sales are almost half of his output and have more than doubled in the past three years. In future his company, Cheviot Industries, will be making more wheels outside Australia (in places like Malaysia and Taiwan) than at its home base outside Adelaide.

Cheviot got where it is today as an exporter, mainly because it was the first company in Australia to see the approach of what has since become a major growth area in the motor components industry. Aluminium alloy wheels cost more than conventional steel wheels for cars but are three times as durable and half as heavy—besides looking more attractive.

The first customers were teenagers who wanted to "jazz up" their cars in the late 1960s but now more and more motor manufacturers fit them as original equipment. Cheviot's Aunger wheels are fitted on the Sigma, a four-cylinder car designed by Mitsubishi Motors and built by Chrysler Australia which is now the most popular medium-sized car in the Australian motor market. They are also used by Ford on its "up market" models and the fashion is spreading to more conventional models.

Apart from being first in the field Cheviot claims to have done well firstly because it has stuck to producing a quality (and therefore expensive) product in what is still a fairly limited market and secondly because of the gruelling travel schedule its directors set themselves. Des Hockley and his right hand man (the company only has two directors) spend six months of the year travelling and claim to have held most of their "Board meetings" in hotel bars besides doing the entire costings for overseas investment projects on long distance air trips.

Cheviot's strategy overseas is to spread its markets—it currently has about 20—and to move rapidly into local production in areas where a combination of high import tariffs and market potential seems to make this worthwhile.

Its most recent venture is a A$1m wheel machining plant in Malaysia which will be vertically integrated to include casting after a running-in period of 12 months. Mr. Hockley chose Malaysia (rather than Singapore) for his plant because of a 40 per cent import tariff in the Malaysian market compared with tariff free entry into Singapore. He expects to ship 70 per cent of his Malaysian output to neighbouring South East Asian markets including Singapore, Thailand and the Philippines.

One of the ironies of Cheviot's export success (and a reason why the company feels that it may even be able to succeed in difficult markets like Japan) is the fact that shipping wheels to regional markets in South East Asia, or farther north, is usually cheaper than shipping them around Australia. "We can land our wheels in Japan for far less than it takes to ship them to other Australian states, says Cheviot's Financial Director "because in Australia we are shipping low volumes to a proliferation of outlets."

Another factor which Cheviot has going for it, in both the home and overseas markets, is the reputation of the Standards Association of Australia whose "mark" commands respect particularly in South East Asia.

Cheviot's policy on labour relations is "not to have any unions" although the company does in fact have one (the Australian Society of Engineers) at its Adelaide plant. In contrast with the multi-union, strike-prone character of much of Australian industry Cheviot has yet to lose a day's work through labour disputes.

Relations are good, says Mr. Hockley, "because my workers appreciate the fact that when I started I was die-maker, delivery boy, floor sweeper, paymaster and book-keeper."

Mr. Hockley and his co-director have few good words for other Adelaide businessmen, the majority of whom they see a being "far too negative" about exporting. Their own business philosophy is simple: "If you don't try anything new you may not fail, but you certainly won't succeed."

هكذا من الأصل

AMERICAN NEWS

Carter seeks to erode Kennedy's New York base

BY STEWART FLEMING IN NEW YORK

PRESIDENT CARTER visited New York yesterday, ostensibly to promote his energy programme, but almost certainly also with the objective of trying to gather support in the city for next year's Presidential elections.

But there is universal agreement here that should Senator Edward Kennedy finally decide to challenge the President for the Democratic Party's nomination next year, both New York City and the State are likely to be a Kennedy stronghold.

In his meetings with community leaders following an address to the American Public *Transit* Association, and subsequently at a "town meeting" in the sprawling New York borough of Queens, Mr. Carter was expected to take the opportunity to emphasise the help his Administration has rendered the financially-stretched city.

Last week the White House asked New York's mayor, Mr. Edward Koch, to provide a list of pending federal legislation grants and other actions that would be helpful for New York, which is still facing a protracted struggle to balance its budget and overcome the threat of financial crisis. The mayor's officials have denied that the White House request for information was tied to the President's visit.

The President and his campaign strategists are aware, however, that in the 1976 Presidential election Mr. Carter only narrowly managed to carry New York, and that his victory here was vital in securing his election. But since then the large black and Hispanic populations in the city have been disappointed by what they see as the President's failure to *fulfil campaign promises* to minorities. The powerful labour unions in New York share some of these reservations.

Even the President's own chief supporters in the state, Mr. Joel McCleary, his campaign co-ordinator, and Lieutenant-Governor Mario Cuomo, have publicly conceded that the President is weak in New York. Mr. McCleary is reported to have remarked that outside his home state of Massachusetts, New York is one of the states in the U.S. whose political structure is most favourable to Senator Kennedy.

Kim Fuad reports on Venezuelan plans for a 'Ruhr in the jungle'

Political question mark over steel expansion

A CLOUD of political controversy has enveloped Venezuela's ambitious plans to transform the California-sized Guayana region into a tropical Ruhr through steel, aluminium and hydro-electricity production, financed by the torrent of petro-dollars that began to flow into the country in 1974.

SIDOR, the Venezuela state steel company, took a major *step at mid-year toward its 1984* goal of increasing output nearly fourfold to 4.8m tonnes with the coming on stream of the largest sponge iron complex in the world. But the opening ceremony earlier this month was discreet and subdued.

Since taking office in March, the Social Christian Government of President Luis Herrera Camp*ins has zereoed in* on the state capitalism that characterised Sr. Herrera's populist predecessor, Sr. Carlos Andres Perez. The accelerated industrialisation of Guayana, into which Sr. Perez pumped over $10bn, has come in for particularly strong criticism, with the Herrera administration claiming widespread mismanagement, delays and cost over-runs.

The new government, however, has failed to temper its attacks with a clear new industrialisation policy. So far, it has grudgingly said it will press ahead with major projects already under way, but plans to halt a number of projects that failed, to get off the drawing-board under the Perez administration.

As a result, the once-irrepressible enthusiasm of Guayana planners has been replaced by a cautious defence of the country's traditional goal of lessening overwhelming reliance on oil income through diversification of the economy.

Vicious feuding

The Guayana controversy is a reflection of the vicious feuding between Venezuela's two major political parties, Sr. Herrera's "Copei" and Sr. Perez's Social Democratic "Accion Democratica" (AD). Observers fear that it could cause lasting damage to the two-party system which has been the basis for *democratic rule in Venezuela* since 1958.

The Herrera administration has vowed to halt the 16.5 per cent annual growth in fiscal expenditures, but most observers doubt this can be achieved in view of the state's huge role in social welfare for the near 14m population.

A number of respected economists predict that within a few years, Venezuela oil income will be totally absorbed by ordinary fiscal expenditures. Capital outlays for industrial development such as Guayana may have to be financed by foreign borrowing. With the official public debt running near $12bn, further borrowing is likely to arouse public opinion in a nation with an historic aversion to foreign debt.

Sr. Luis Ugueto, the Finance Minister, who foresees a budget deficit of more than $4.3bn for 1980, says that an additional $10bn must be invested in steel and hydroelectric development *in Guayana.*

But political considerations aside, Guayana development has become a necessity in terms of helping to create jobs for some 800,000 Venezuelans entering the labour market by 1984.

Venezuelan consumption of steel, the largest in Latin America for its population at 262 kilograms per capita a year, *fully* justifies not only present expansion, but also plans to raise output to 15m tonnes before the end of the century, according to Dr. Edgar Marshall, president of Lidor. Venezuela will import 1.8m tonnes of steel this year, and with demand doubling every seven years, can consume all the steel it produces.

Venezuela's decision to go for sponge iron in expanding output from 1.2m to 4.8m tonnes in Guayana was dictated by a conjunction of favourable factors, including reserves of 2.5bn tonnes of high grade ore,

nearby reserves of 600bn cubic metres of natural gas and plans to tap the nearby Caroni River *for 9,000 MW of cheap hydro-*electricity by 1990.

Gas and petrochemicals processes are used to purify the ore into sponge iron, which can then be smelted in electric arc furnaces.

Three Midrex modules, each producing 400,000 tonnes, which went on stream at mid-year, turned Sidor into the largest integrated steel complex in the world using direct reduction technology as a primary source of metallised iron production.

The complex includes an earlier installed Midrex module, as well as another unit using the Mexican hylprocess. The direct reduction units are fed by two 3.3m tonne pelletising units. Sidor expects that its 10 new electric arc furnaces will be operating at 50 per cent of capacity this year, reaching full output by 1984, when the process has been fully mastered, Dr. Marshall says.

The combination of ore, gas and hydroelectric potential in Guayana made it natural to employ the sponge iron process rather than the more conventional blast furnace, which would have required scrap iron imports of 535,000 tonnes a year and annual coke imports costing $100m.

Blast furnaces

But the Herrera Administra*tion may still decide* to expand steel production by siting blast furnaces in the western state of Zulia. Although the state has substantial coal reserves, the fuel is too "young" to be employed in blast furnaces without being mixed with imported coke.

The main reason for starting steel production in Zulia would be political — it is far more heavily populated than Guayana, and its voters are staunch COPEI supporters, in contrast to their eastern rivals.

Senate move to raise bank interest

By David Lascelles in New York

IN A BID *to get Americans to* save more, the Senate Banking Committee has approved a Bill to lift existing tight controls on the amount of interest which banks and other financial institutions can pay their depositors.

At the moment, commercial banks can pay a maximum 5¼ per cent. Under the provisions of the Bill, this would rise by ½ per cent a year till it reached 9¼ per cent in 1989. The Bill would also lower the minimum deposits, currently $1,000 or more, needed to attract high interest.

The Senate Committee also approved a provision passed earlier by the House to allow banks and other financial institutions to pay interest on current accounts. At the moment, this is only possible by means of a fiction whereby *depositors write "negotiable* orders of withdrawal" on interest-bearing savings accounts.

Pressure for these changes has come mainly from consumers and from politicians concerned about the low level of savings in the U.S. The banking community is divided between those who see the reforms increasing their cost of funds and those who are keen to attract more savings. The savings institutions generally oppose the change

Political job patronage under fire

CHICAGO—A Federal judge yesterday dealt a blow to Chicago's long-entrenched political patronage system, effectively ruling that city jobs could no longer be doled out as favours by local politicians.

Judge Nicholas Bua rule in the U.S. District Court that it was unconstitutional to require applicants for loci government jobs to be sponsored by a political boss or party office-bearer. He said he was preparing an injunction to halt the practice.

The patronage system was moulded by Mr. Richard Daley, the former Democratic Mayor, who at election time could call out an army of about 25,000 workers, all of whom owed their jobs to him or his party.

After Mayor Daley died in 1976, the system was perpetuated by his successors and the present mayor, Jane Byrne, found it expedient to overlook election campaign pledges to end political patronage.

Patronage jobs have been challenged in the courts before and a federal judge in 1972 decreed that city employees could not be fired for refusing to do political work.

Reuter

Students shot dead in El Salvador

SAN SALVADOR — Police shot dead a U.S. student and two Salvadoreans in a half-hour gunbattle in the grounds of the Presidential palace, the El Salvador Defence Ministry said yesterday.

The Ministry said the three attacked sentries at an armed forces training centre at the palace on Monday. It identified the U.S. student as William Kong from San Francisco, where the two Salvadorean students accompanying him also lived.

In another part of San Salvador, police armed with rifles surrounded the Labour Ministry, which has been occupied by the Leftist Popular February 28 League since Friday.

Other Leftists, members of the Central American Workers Revolutionary Party, last night claimed responsibility for kidnapping Mr. Denys McDonald, a U.S. industrialist, last Friday and said they had seized another American, Puerto Rican-born businessman Fausto Bucheli. They said in a communique that both men were in good health.

Reuter

Nicaraguan junta warmly welcomed

BY DAVID BUCHAN IN WASHINGTON

President Carter greets junta members Sr. Daniel Ortege (centre) and Sr. Sergei Ramires.

MEMBERS of the ruling Nicaraguan junta have received a warm welcome here from the Administration and on Capitol Hill, though apparently on answer yet on their request for U.S. military aid.

President Carter met three junta members — Sr. Daniel Ortega, Sr. Alfonso Robelo, and Sr. Sergio Aamirez—this week, in a gesture designed to show that the U.S. wants to embark on a new relationship with the Managua Government, brought to power in July with the victory of the Sandinista guerrilla movement over former President Anastasio Somoza.

The U.S. provided some short term food and medical aid to Nicaragua since July, and is understood to be working with Nicaraguan officials to develop a longer-term and package. Separately, Nicaragua is expected to open negotiations with the International Monetary Fund shortly on terms for a new standby credit arrangement.

However, one senator, Mr. Richard Stone of Florida, expressed some concern, apparently shared in some quarters of the U.S. Administration, that Nicaragua intended to aid guerrilla movements in Central America, opposing hte Right-wing regimes in El Salvador, Guatemala, and Honduras. Purported links between some junta memebrs—particularly S. Ortega—with Cuba have been questioned on Capitol Hill.

Cuba is a sore point with Congressmen at the moment, especially as Mr. Cyrus Vance, the Secretary of State, is still continuing his talks with Mr. Andrei Gromyko, his Soviet counterpart, in New to resolve the issue of Soviet combat troops in Cuba.

This concern was behind the new compromise, struck this wek between Senate and House of Represenatives negotiators on Panama Canal treaty legislation. The compromise includes the suggestion that the presence of any foreign troops, "other than those of the U.S." in Panama, would be deemed as a threat to the canal's security.

Coal mine equipment sales boost

By Maurice Samuelson

SALES OF coal mining equipment are running at a record £140m a year and are likely to stay at that level for a long time, Mr. John Mills, a member of the National Coal Board, said yesterday.

At the same time exports of mining equipment were earning £100m a year

Opening a manufacturing unit for Gullick Dobson at Wigan, Lancs., Mr. Mills said the UK lead in longwall mining technology. It was moving into a new era of advanced technology using heavy duty coal-face equipment, with remote control and automatic devices. The capital cost of advanced technology mining (ATM) and heavy-duty face installations exceeded £2.5m each for faces of up to 300 metres long, he said.

Mr. Mills's statement was backed by Dowtey Mining Equipment which, like Gullick Dobson, supplies roof supports.

Mr. Arthur Turner, Dowtey Mining Equipment's managing director, said that his 1979 order book was substantially higher than in previous years, both at home and abroad.

The Coal Board also confirmed yesterday that it had reached an advanced stage in its talks with the Central Electricity Generating Board for a five year agreement to supply 75m tons of power station coal a year.

Lloyd's loan for Sasse syndicate

BY JOHN MOORE

MEMBERS of the troubled Sasse underwriting syndicate, faced losses of £20.2m, have been offered another by Lloyd's of London.

The scheme, which is to be offered to all members of the 110-strong syndicate, is in addition to a loan of £7m advanced to the syndicate earlier this year. There is no limit on the latest loan and it is to be guaranteed by Lloyd's central fund, the market's fund of last resort.

The move follows a fortnight of intense negotiation between legal counsel, representing Lloyd's and counsel representing about a third of the syndicate.

Two weeks ago Lloyd's issued a writ against 30 of the members seeking a declaration in the courts that if the defendants failed to lodge with the committee of Lloyd's a certificate of underwriting account by September 30 showing that their assets were sufficient to meet their liabilities, they would be in breach of their Lloyd's undertakings.

This was followed swiftly by a counter legal action against Lloyd's and six of the agents who had introduced members to the Sasse syndicate, claiming that the agents had exceeded their authority and seeking an injunction on further payment of claims on a large part of the insurance business that was placed with the syndicate.

In a letter to the members of the Sasse syndicate, Mr. Peter Green, Lloyd's deputy chairman, says "not all names (the members) have deposited with your managing agents assets sufficient to cover the liabilities shown in the books.

"The reason for this is that some names contend that certain of the liabilities shown in the books arise out of underwriting which was never authorised by names and in respect of which names are, therefore, not liable. In these circumstances it is suggested that the liabilities in question should not be shown in the books and names should not be required to cover them."

Mr. Green adds that on the basis of legal advice the 16-strong Lloyd's committee "does not accept that any liabilities are improperly shown in the books or that names are entitled to decline to deposit assets against such liabilities."

The dispute is to go to arbitration before a High Court judge.

The out-of-court formula for settlement of the dispute follows the intervention of Mr. Justice Donaldson.

Sovereigns issue for public sale

By Tim Dickson

THE Royal Mint announced yesterday that it was making an issue of proof sovereigns and selling them direct to the public for the first time since 1937.

Proof sovereigns are specially made for collectors, and differ from ordinary sovereigns, which have to be sold through the bullion market and effectively form part of national reserves.

The new issue has been made possible by lifting in the last Budget of restrictions on sale of gold coins to the public.

Until then proof sovereigns could theoretically have been sold to foreigners, but the Royal Mint was both unsure of the likely level of foreign demand, and reluctant to mint them at a time when UK colelctors were deprived of the chance of buying the coins.

The mint will be strictly limited to 50,000. The new sovereigns will be sold for £75 each in the UK, and are advertised in the U.S. for $138. The Mint emphasised yesterday that 30,000 of the coins would be held back for UK private investors, who would be able to purchase only two each.

Given the recent interest in gold, and the rarity of such issues, the new sovereigns are widely expected to command a significant premium.

Callaghan condemns Cabinet steel policy

BY RICHARD EVANS, LOBBY EDITOR

MR. CALLAGHAN launched a fierce condemnation last night of the Government non-intervention policy for the steel industry, and warned that the British Steel Corporation was likely to have to close a major plant.

"This would be a suicidal policy that would do lasting damage to the steel industry as well as to the British economy," the Opposition leader declared in a statement.

Once a major modern works was closed there was little chance that it could ever be re-opened, in Mr. Callaghan's view. It would be the utmost folly for Britain to be forced to rely for the first time on importing significant tonnages of steel from abroad.

The statement, which followed a meeting of the shadow cabinet on Monday, confirmed the Opposition's intention of making the steel industry the centre point of its attack on the Government's policy towards industry in general. The opportunity for a debate is expected soon after the Commons resumes on October 22.

The Government had a major responsibility, Mr. Callaghan insisted to review immediately its financial plans for the steel industry and take new decisions based on the long term national interest rather than on the short term profit and loss position of the industry during a trade recession.

He urged the Government to intervene immediately to inform BSC that it need not take a decision to close a major plant until there had been a further review of the industry's prospects.

The Opposition clearly hopes that on consideration the Cabinet might be forced to reviewed its intention to sell off part of the British National view its policy on steel as it Oil Corporation.

£10,000 Liberal appeal to fund case to challenge voting system

BY ELINOR GOODMAN

THE LIBERALS, in Margate for conference, are to launch a £10,000 fund-raising campaign to finance their suit against the British Government in the European Court of Human Rights.

The petition, challenging the Government for knowingly discriminating against the Liberals by using the first-past-the-post voting system, was posted to Strasbourg yesterday. Party delegates greeted the decision to go to the court with delighted applause.

Details of the case, showing how Liberal voters have been deprived of Parliamentary representation by the present system, will be sent to the European Commission of Human Rights within the next few months. The party executive hopes the commission will decide whether the case is admissible by next spring.

If it decides the party has a case—as two leading counsel in European law have advised—pressure will be on the British Government to reach some out of court settlement.

To satisfy Liberals this would presumably have to be some move towards recognising the case for proportional representation, though both Mrs. Margaret Thatcher and many of her Tory Party colleagues are strongly opposed to it.

Mr. Geoff Tordoff, party chairman, said yesterday the decision represented a "full frontal attack on the wretched British electoral system." The party had always believed in the rule of law and was perfectly justified in using the European Convention of Human Rights to further its case.

Conference delegates — many of whom have long regarded proportional representation as the Holy Grail of British politics and were depely disappointed when the party failed to extract it from its pact with the Labour Government — were clearly delighted that the party had found a way of keeping the issue in the public eye. The move is seen as an ingenious way of putting moral pressure on the Government and possibly even forcing it to change the system.

European Court powers to enforce a ruling are limited but it would clearly be embarrassing for the British Government to be seen to ignore a convention it has itself signed.

Conference clash on N. Ireland

THE DIVISIONS in the Liberal Party over Northern Ireland surfaced embarrassingly early in the party's assembly yesterday when the newly-appointed Northern Ireland spokesman threatened to resign if a Young Liberal move to commit the party to withdrawing troops from the province was accepted, writes Elinor Goodman.

Mr. Stephen Ross attacked the Young Liberals and their ally in the Parliamentary party, Mr. David Alton, MP for Edge Hill, for talking "total nonsense."

The issue will be debated tomorrow when the Young Liberals will support an amendment committing the party to fixing a date for replacing the troops with a United Nations force.

Mr. Ross, MP for the Isle of Wight, will strongly resist this amendment which would completely reverse party policy on Northern Ireland.

To support their case yesterday, the Young Liberals produced a background paper describing the army in Northern Ireland as a "polarising force." No political solution was possible in an atmosphere of polarisation, it claimed.

Mr. Ross, clearly irritated by the Young Liberals' behaviour, accused them of getting their facts wrong and insulting the Army.

In the last Parliament Mr. John Pardoe, the Liberal economics spokesman, embarrassed the party leadership by calling for the withdrawal of troops. Mr. Pardoe is no longer in the House but the "troops out" call has been taken up by Mr. Alton and Mr. Cyril Smith, MP for Rochdale.

The Young Liberals themselves, however, are not united over the question.

During the debate Mr. Ross will repeat the party's proposal to set up an advisory council for the province.

Mr. Smith may also make an embarrassing intervention in tomorrow's debate on Northern Ireland.

Triplex cuts may cost 450 jobs

BY LISA WOOD

TRIPLEX, the Pilkington subsidiary which manufactures most of the windscreens for British cars, yesterday announced cuts which could cause more than 450 redundancies.

At part of a rationalisation programme there are to be cuts at three plants: Kings Norton in Birmingham, which makes laminated and Ten Twenty windscreens; Eccleston in St. Helens, Lancashire, and Larkhall, near Glasgow, both of which make toughened glass.

One of the first plants to be affected will be Kings Norton where there is to be a 15 per cent cut in jobs in administration, research and engineering.

At Eccleston and Larkhall, site managements are reviewing manning in the light of the decline in volume. Triplex said there would be losses of jobs.

The company, which had a turnover of nearly £60m last year, has said the need for cuts is due to its uncompetitive productivity as well as the rise in imported cars. It forecasts a drop of 15-20 per cent in the motor industry's demand for toughened glass next year.

Mr. John Pashley, managing director, said: "Our position typifies the component maker whose chief market—the British vehicle assembly industry—is declining. With more and more cars imported, and car makers buying much of their glass overseas, UK demand for our products has nearly halved in a decade.

"We have had some success in selling to Germany and Belgium, but it is extremely difficult to win compensating business in Europe for products which are of high quality yet expensive."

Triplex, which exploys nearly 3,000 workers, controls about 80 per cent of the UK market for toughened and laminated glass.

German car parts makers expanding

By Kenneth Gooding, Motor Industry Correspondent

TWO LARGE West German automotive component groups—Robert Bosch and Zahnradfabrik Friedrichshafen (ZF)—have announced expansion projects in the UK.

ZF Gears (Great Britain) of Beeston, near Nottingham, is to spend around £2m over the next two years to support sales to UK truck assemblers.

ZF's UK sales have jumped from £2m in 1973 to £10m this year and Mr. T. R. J. Reast, managing director of the UK subsidiary, maintains: "We have the potential to double that in the next three to four years."

He expects the biggest growth to be in the supply of ZF power steering systems for both trucks and cars. The supply of automotive components—including transmissions—should continue to account for around 60 per cent of ZF's UK sales.

The turnover of Robert Bosch's UK sales subsidiary last year reached more than £19m mainly through sales of sparking plugs, wiper blades, Blaupunkt car radios and power tools.

Yesterday the Bosch UK subsidiary formally opened its new premises at Watford, Herts., adding about 50 per cent to warehouse and office space.

● In 1978 the UK imported automotive products valued at £1.045bn from West Germany, and exported similar items worth £330.4m.

Car group may open factory in Ulster

Financial Times Reporter

THE NORTHERN Ireland Development Agency is understood to be nearing agreement with a British specialist car manufacturer for a new factory in the province. Panther Westwinds of Byfleet, Surrey, would not confirm the reports that it was to begin manufacture at Larne in Co. Antrim.

But it is believed that Government officials in Ulster have ben negotiating with Panther for several months about the possibility of its producing two of its range of vintage style sports cars there.

Panther's hand-built cars, including the Lima and the De Ville, sell at the top of the specialist car market. It makes 700 cars a year and has a turnover of about £4m.

Production in Ulster may start by the middle of next year, which suggests that the company is considering moving into existing premises, probably a Government-owned advance factory.

UK/U.S. tax treaty for Commons soon

BY DAVID FREUD

THE GOVERNMENT plans to put the revised UK/U.S. double tax treaty before the Commons for ratification in the next few months, in spite of protests by several big British multinationals.

The decision follows a nine-day visit to Washington and California by Mr. Peter Rees, Minister of State at the Treasury, and Sir William Pile, chairman of the Inland Revenue.

The move is likely to anger the group of British multinationals, including BAT Industries and EMI. The group has called for ratification of the treaty to be delayed until there are moves in the U.S. to curb unitary taxation *in individual* states.

The companies dislike this *form of taxation*, in use in California, Oregon and Alaska, because it bases assessments on a proportion of worldwide profits rather than local results. This can lead to heavier tax bills and be expensive in terms of providing information.

The Government considers there is nothing to be gained by making ratification of the treaty dependent on moves on the unitary tax front.

This is the case even though the Senate removed a clause last year in the treaty which prevented states from taxing British companies on a unitary basis.

The Government believes there is no chance of Federal *legislation for several years that* would ban states' use of unitary taxation. Delaying ratification of the treaty in the Commons—the last step before it goes into effect—would not speed up matters.

It is more hopeful about progress in California, where hearings on a proposed bill to exempt foreign companies from unitary taxation are scheduled for November 14. Howeven, at best this bill is likely to take two years to come into effect.

An order approving the treaty is therefore expected to be laid before the Commons before the Christmas break.

If it is passed, the Government may consider registering its disapproval of unitary taxation through an exchange of notes with the U.S., accompanying the *ratified treaty. This was the* move taken by the French Government in its recent tax treaty with the U.S.

NEB selling stake in instrument group

BY ELAINE WILLIAMS

A NEW majority shareholder is expected to be announced later this week for Cambridge Instruments, the scientific and medical instrument manufacturer at present a subsidiary of the National Enterprise Board.

Negotiations on a complex financial deal, to involve fresh equity from the private sector being injected into the ailing company, are now being finalised.

The NEB's role in the company—major product a scanning electron microscope—will be considerably diminished although it is unlikely the board will realise any cash from the deal this year .

At present the NEB has an 87.1 per cent *shareholding* in the company. valued at around £8m, and might eventually pull out altogether.

The company has a long history of government support. The Department of Industry provided a cash injection of over £4m in 1975 and the NEB has since provided nearly £5m more.

Despite this support the company has continued to lose money—last year £3.3m, in 1977 £2.94m, and this financial year —ending in June—it is likely to announce further losses of around £3m.

When the shares deal is completed there is likely to be a major change *in* management structure with the new majority shareholder introducing new senior executives. The product range will also be reviewed.

The board's announcement in January that it would put an extra £1.5m into the company brought total NEB investment up to £9m including the DoI funding.

John Elliott writes: The proposed deal is likely to be welcomed by the Government because it involves both injecting private sector finance into an NEB concern and bringing in fresh management to help with a high technology company.

If the NEB eventually pulls out of Cambridge altogether, it will reduce the size of the board's high technology portfolio.

But Sir Keith Joseph, Industry Secretary, made it clear when he announced the NEB's continuing high technology role earlier this summer that he expects the board to sell its holdings in companies as well as investing in new ones.

Lawyers' pay

THE SALARIES of lawyers employed in finance, commerce and industry in July averaged £12,890. according to a Chambers and Partners survey. Average salary for a legal assistant was £10.148. for a legal adviser £13,150. and for a senior legal adviser, £19.594.

Atom waste disposal 'works well'

By Lisa Wood

REGULATIONS GOVERNING disposal of radioactive waste are satisfactory, says a Government working party.

A report by the expert group of the Radio-active Waste Management Committee said the basic objectives for radioactive waste management, laid down in 1959, have worked well and resulted in very low average radiation doses to the public.

The group considered control of radioactive waste through all stages of the nuclear fuel cycle, and examined controls of accumulation and disposal of waste.

This first comprehensive review of waste management policies and practices since the Radio-Active Substances Act came *into* operation in 1960 concludes that there is no need for major changes to the Act.

It suggested changes in emphasis to reflect developments in the past 20 years.

Waste for which there was no *suitable disposal* method at present could be safely stored, but research and development for all types of waste should be pursued.

This should include work on three options under consideration for disposal of vitrified high-level radioactive waste—emplacement in deep geological formations under the earth: under the sea bed: or on the deep sea bed.

Rhodesia conference gets down to details

BY BRIDGET BLOOM AND MICHAEL HOLMAN

FOLLOWING THE dramatic all-party agreement on white representation in Zimbabwe-Rhodesia, the Lancaster House conference yesterday got down to the detailed negotiation of a future constitution.

Patriotic Front and British officials high-lighted the key and controversial issue of citizenship at a bilateral meeting yesterday morning while Bishop Muzorewa's delegation discussed parallel constitutional points during the afternoon.

There were no official briefings on either private session, but it was being suggested last night thatoutline agreement on a constitution was still possible by the weekend.

Lord Carrington, who was due to address the UN General Assembly *last night*, is expected to takethe chair at the conference again on Thursday, possibly for this week's first full plenary session.

After tax of £767,371 (£528,085), stated earnings per 25p share are up from 7.2p to 11.56p

It is understood that the Patriotic Front yesterday insisted that all those Rhodestians who became citizens after the unilateral declaration of independence in 1965 would have to re-apply for citizenship after British sanctioned independence. This, it is said, could affect some 40,000 people including Britons, Portuguese and other whites.

Britain is resisting the PF demand on the grounds that what is needed now is reconciliation. Although the issue may have to be resolved by Lord Carrington when he returns, it is not believed that it will ultimately hold up progress on the constitution.

However, the Patriotic Front, backed by the front-line African States, is continuing to insist that a constitution can only be one part of a settlement package. Britain has agreed with this view and recognises that the second agenda item covering political and military transitional arrangements, may be reached next week.

In a [illegible] to the Rhodesian people [illegible] designed to prepare the way for new elections, Bishop Muzorewa yesterday warned that outright rejection of Britain's constitutional proposals "would have been catastrophic."

Had they not been accepted, he declared, "it would have meant that sanctions would remain in force and we would have been denied international recognition."

Calling on those whites who wanted to retain minority blocking mechanisms to reconsider their position "for the sake of the nation," he said he had "no hesitation" in recommending the British proposals.

Courtaulds in major regrouping of its weaving factories

BY RHYS DAVID, TEXTILES CORRESPONDENT

COURTAULDS IS to undertake a major restructuring of its weaving activities in the UK in an attempt to give a sharper edge to its marketing of fabrics.

The changes, patr of a general change in strategy by the group in response to increasing competition, will mean a significant transfer of responsibilitits to the group's premises at Braintree, Essex, home of the original group company, Samuel Courtauld.

The Samuel Courtauld company, involved mainly in filament weaving, will take over responsibilty for management of the spun or cotton-type weaving activities previously run by the group's Northern Weaving Division.

Four factories in Northern Weaving, Lillyhall, Carlisle, Colne and Embsay, will form part of Samuel Courtauld and be added to its six present factories.

Six trading companies, each specialising in different fabric work, will be set up for both types of weaving and run from Braintree. The types are active fabrics, fashion fabrics, linings, household fabrics, industrial fabrics, and Hadrian (apparel weaving). A separate production headquarters for industrial fabrics will be retained at Leigh, Greater Manchester.

The Northern Weaving Division will cease to exist as such, but a new group of five specialist converters obtaining and supplying fabrics from group factories and other sources to meet requirements of customers in the industrial garment and other industries will operate from the division's present Walkden headquarters. The five companies are Suncourt Fabrics; Courtaulds Careerwear; Courtaulds Automotive Products; Bentley-Smith; and Lappet Manufacturing.

The new converting operation will take the title Northern Weavers, but not control any factories. Two factories in the old Northern Weaving Division, Belmont, Co. Durham, and part of the Preston works, will be passed to another new grouping, Dundee Fabrics, Courtauld's specialist manufacturers of corduroy.

No redundancies are involved in the changes, but there might ultimately be some movement of staff from the North.

Courtaulds said yesterday that the move was prompted by blurring of former dividing lines between applications and markets for spun and filament fabrics. It made sense to have one organisation responsible for both types.

Philips plans video disc production in Britain

BY ELAINE WILLIAMS

PHILIPS INDUSTRIES, the Dutch electronics group plans to produce video discs in Britain. It will spend between £5m and £10m in hte next five years. Details are not settled.

Philips will take over part of its subsidiary Mullard's factory in Blackburn to make video discs, which are used on a player, rather like a conventional record player, but provide programmes for display on a television set.

By the second half of 1980 the company hoped to begin pilot production at Blackburn, which makes valves and television assembly parts under the Mullard name.

Electronic valve production is a declining market and there is capacity at Blackburn for installation of disc-pressing which will require about 200 workers.

Oil-fired power stations to open in Scotland

ONE OF the last oil-fired power stations to be built in Britain is to be opened today at Inverkip, on the Clyde estuary, by Mr. George Younger, Secretary of State for Scotland.

Oil price rises have dramatically altered Inverskip's economics, increasing its operating costs by more than third this year alone.

The Central Electricity Generating Board has three further oil-fired stations under construction, but it unlikely to build any more. The next Scottish station, now being built at Torness, will be nuclear powered.

Banking aid

THE ROYAL Bank of Scotland is to extend its automatic banking with IBM teller terminals linked to a computer. The programme, supplements the Cashline customer terminals, which provide a 24-hour service in 40 of its 50 0bronches.

Nuclear choice

OPTIONS FOR replacing Britain's ageing nuclear deterrent — Polaris — are still being studied but the Cabinet is likely to decide soon in favour of the U.S.-developed Trident missile submarine system thus rejecting the air-launched Cruise missle.

Societies may merge

THE Newcastle upon Tyne Permanent Building Society and the Grainger Building Society intend to merge. The new society, unnamed as yet, will have assets approaching £150m.

Police record

WITH NEARLY 4,000 recruits in England and Wales this year, the strength of the police force is at its highest level, Mr. William Whitelaw, the Home Secretary, said yesterday. Police strength was nearly 113,000 at the end of July.

Pensions bid

THE National Girobank has intensified its campaign to attract pension funds to use its facilities for paying pensions to former employees.

North Mymms' sale total nearly £2m

SALEROOM

BY ANTONY THORNCROFT

SOME of the finest Brussels tapestries to appear on the market for some time were the feature of the second day of the sale of the contents of North Mymms Park, near Hatfield, organised by Christie's. A Middle Eastern private buyer was a particularly active bidder, taking most of the top lots.

The highest price was £28,000, plus the 10.8 per cent VAT and buyer's premium, for an early 18th-century Teniers tapestry of the Kermesse.

One of a set of five Brussels from the Labours of Hercules series made £24,000, while the other four went for £22,000, £20,000 and two at £19,000 each. All told the tapestries made £310,400, and at the end of two of its four days this major house sale had realised £1,988,278.

UK NEWS

Self-employed win Revenue admission

BY DAVID FREUD

THE INLAND Revenue yesterday admitted its statements on how it uses gross *profit margins* to investigate small businesses may have misled people.

The admission follows a long row with self-employed pressure groups over how the Revenue has operated its "new approach" of in-depth, small business investigations.

The National Federation of self-Employed last year said inspectors would pick traders for investigation purely because their profits were out of line with normal levels. It said the Revenue issued normal profit margins lists to inspectors.

The Revenue denied such lists existed. At a June 1978 meeting with accountants it said it did "not issue lists of official gross profit percentages to inspectors."

Guidance

However, yesterday the Consultative Committee of Accountancy Bodies issued a Revenue-approved memorandum saying: "The Inland Revenue now accepts that some people may have been misled by the statement."

While there was no list as such, the Revenue admitted that its guidance notes to inspectors included information on notional gross profit percentages for various businesses. Inspectors were also at liberty to compile lists based on their own experience.

The CCAB memorandum *comes a day after an Institute of Chartered Accountant's* digest, written by a former tax inspector, which also said the Revenue issued detailed information on gross profit margins for different businesses.

Mr. Michael Reader, the former inspector, said there would be greater understanding if the Revenue published its *internal standards. The CCAB* made the same point yesterday and the memorandum says the Revenue will consider what could be done.

In the memorandum the Revenue says the main use *inspectors made of gross profit* margins—and other business ratios—was as part of their review when considering whether to accept accounts without inquiry.

"One reason for starting an inquiry will be a discrepancy *between gross profit percentage* shown by the accounts and the percentage the inspector would have expected to find in the *light of his knowledge of the* trade and of local conditions.

"His judgment may be influenced by information in his guidance notes—and *for* some traders this will include reference to gross profit rates—but he is expected to reach his own conclusions and rely mainly on his own experience and local knowledge.

"If an inquiry is started the inspector will usually want to know more about the way the business is conducted, but there *is no question of applying a* single notional gross profit rate and insisting that this rate should have been achieved."

Need for new company 'status'

A NEW type of company called incorporated limited partnership, with a status between a partnerships and a limited company has been proposed by the National Chamber of Trade.

Legislation allowing this would be needed because much company laws is irrelevant to small businesses lacking public involvement, the association said in a report published yesterday. EEC proposals for harmonisation of company law within member states will exacerbate the situation, it added.

Under current law, for example, a husband and wife running their own small company must have a formal annual meeting.

Pilatus plans aircraft centre

By Michael Donne, Aerospace Correspondent

PLANS TO turn Bembridge, Isle of Wight, into a major manufacturing centre for light aircraft are being pushed by Pilatus, the Swiss company which has just taken over aircraft manufacturer Britten-Norman.

Britten-Norman was part of the Fairey Group but had been in the hands of the Receiver, Sir Charles Hardie, for nearly two years.

Pilatus, part of the aircraft branch of the automotive division of the Swiss Oerlikon-*Buehrle Group, has* acquired Britten-Norman for an undisclosed sum, believed to be over £10m. It has formed a new *company,* Pilatus Britten-Norman.

In addition to continuing production of the Islander twin-*engined* and Trislander three-engined light transports and *Defender* military aircraft, Pilatus has begun a major development programme at Bembridge.

This includes construction of a 3,000-foot concrete runway, new production hangars, and other facilities.

New types

Pilatus says that in addition to continuing production of existing aircraft—well over 900 *Islanders,* Trislanders and Defenders have been delivered out of nearly 1,000 ordered—it intends to introduce a range of new types of turbine-powered light aircraft.

Pilatus also intends to establish an overhaul base at Bembridge for business jet aircraft.

PREVIEW OF TOMORROW'S BY-ELECTION

Local issues crucial in Manchester

BY RHYS DAVID, NORTHERN CORRESPONDENT

THE SITTING MEMBER for the densest constituency in England was how Mr. Harold (now Lord) Lever was once introduced to a *meeting,* a story he himself is fond of telling. Densely-populated Manchester Central may once have been, but the seat, *where a by-election* will be held tomorrow following the elevation of the former Labour Cabinet Minister to the peerage has since changed in character.

The tightly-packed streets of back-to-back houses which grew up alongside thriving textile, *chemical* and engineering factories in the area have now been comprehensively cleared. In their place, the districts within the constituency have been completely rebuilt as modern and in some cases not so modern council estates. Only a few small pockets of private sector housing, much of it either receiving or in need of improvement, are scattered throughout the area. It also comprises as well the shops, offices and banks of Manchester City Centre.

The rebuilding of Manchester Central *unfortunately* produced as many problems as it solved. Although there are some successful residential developments a number of post-war blocks are already being demolished, hastened to an early demise by dissatisfied tenants *and vandals.*

Bureaucracy

General dissatisfaction with housing has driven out the more mobile skilled workers, who, in some cases commute back to work in the area. Many of the estates have become a reservoir of the unskilled, the old, and of single-parent families. Thus, in some parts of the constituency unemployment runs well into double figures.

Various projects to stimulate the economic revival of the *area have been put forward* by the inner city partnership—the joint organisation set up by the Labour Government. But these will take some time to bring results, and the fear remains that many of them will have to struggle with bureaucracy.

All of which has conspired to ensure that Manchester Central is being fought on essentially local issues such as the time it takes to get the direct works people to do repairs and the effect of the Government's expenditure cuts.

In the choice of candidates, the parties have gone for grass-roots experience.

Labour's candidate, Mr. Robert Litherland, an ex-print worker, was chosen in preference to three former MPs, has been a stalwart of Manchester City Council and, appropriately enough in an area which must contain one of the biggest concentrations of public housing in *Western Europe, is chairman* of the city's direct works committee and deputy chairman of the housing committee.

He *admits that he is* likely to be a very different type of constituency MP from Harold Lever, who was already under *some attack from activists in* the local party for alleged "remoteness," before the last election.

The Conservatives have picked Mr. Steve Lea, a Greater Manchester councillor and a candidate able to demonstrate to the electors just how much can be done by Josephite self-help and entrepreneurial initiative.

Several years ago, he left his employment with a big company *to set up his own computer* business and now employs seven people.

Mr. Lea admits he is under strong attack from his opponents on spending cuts which are likely to bear significantly on many of the constituents of Manchester Central. He is countering however by pointing to alleged extravagance by Labour-controlled Manchester City Council, in particular its plan to build an "ice palace"—the proposed national ice skating centre. The cost is put at £18.6m but the true cost, including debt charges, will he *claims be £93m.*

The Liberals as ever have been trying to rise above the tribal noises on either side with dogged *advocacy of incomes* policy, industrial co-ownership and the like, but they have been hampered by the late entry of their candidate, Mr. Tony Parkinson a 42-year-old local solicitor. There are suspicions that he was undecided over whether to stand, fearing a poor result, but he points to the three seats which the Liberals have had since May on the City Council.

Roger Taylor

Robert Litherland (Labour), canvassing.

He has had to make do, however, without the usual last-week influx of Liberal helpers because of the party's conference.

He seems certain to be competing for some of his votes with the Ecology Party candidate Mr. John Foster, a 29-year-old teacher and disillusioned ex-Labour supporter. For the Ecology Party it is the first foray into the major cities, and Mr. Foster hopes to demonstrate that eco-policies have relevance in the harsh soil of the North-West.

Bringing up the rear will almost certainly be the Independent Labour candidate, Syed Ala Ud Din, and the legendary Bill Boaks (Democratic Monarchist White Resident) who seems determined to forfeit his deposit.

The sole common ground between all these contenders is that the turn-out is likely to be low, although higher than in last week's Euro-election. It is generally conceded that with a majority of nearly 9,700 to defend, and *the Government* already slipping in public popularity, Mr. Litherland will soon be on the train to *Westminster.*

The candidates are: Syed Ala-Ud-Din (Ind. Labour); W. Boaks (Democratic *Monarchist White Resident*); John Foster (Ecology); A. S. Lea (Conservative); R. Litherland (Labour); Tony Parkinson (Liberal).

The General Election result was:

H. M. Lever (Lab.)	14,117
H. P. Cummins (Con.)	4,413
G. M. Wilmot (Lib.)	1,052
D. S. Bentall (Nat. Frt.)	356
Labour majority	9,704
Electorate	31,794

British Caledonian expands

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

BRITISH CALEDONIAN, the independent airline, is expanding its route network this autumn with new cargo services to the U.S. and Europe and a new passenger service to Oran in Algeria.

All-cargo flights between Gatwick and Atlanta, Georgia, *will* begin on September 22 on a once weekly basis on Saturdays and Sundays.

An overnight all-cargo service will run between Gatwick and Amsterdam every weekday from November 1. The piston-engined *DC-3* freighter used will complement the cargo carried in the belly-holds of the airline's One-Eleven daily passenger flights on the route.

Passenger flights once a week between Gatwick and Oran, Algeria start on October 28, leaving Gatwick on Sunday mornings and arriving back at 18.20 the same day. The airline *already flies four times a week* to the capital, Algiers.

Further expansion is planned. Licence applications have been lodged with the Civil Aviation Authority for low-fare services to 19 cities in Western Europe, for Hong Kong flights via the Middle East with low stand-by fares, and for three further U.S. destinations—Denver, St. Louis and New Orleans.

An appeal has been lodged against the CAA decision rejecting the airline's bid for cheap *fare services to Stockholm* and Gothenburg.

Motorists' mileage drops

By Maurice Samuelson

THE RISE in petrol prices over the past six years has coincided with a steady reduction in leisure and holiday motoring in summer, according to an analysis of the habits of 4,000 motorists.

Forecast Market Research, a Unilever subsidiary, found that from 1973-78 the motorists' annual recorded mileage fell by 8 per cent. The proportion of their mileage driven between July and September *dropped by* 14 per cent.

Faviar seeks Glasgow site

BY RAY PERMAN, SCOTTISH CORRESPONDENT

A GLASGOW development company, Faviar Property, asked the city district council *yesterday* for consent to develop the site of the Goodyear tyre factory as a mixed industrial and retail complex.

Goodyear closed its works at Drumchapel in April with the loss of 700 jobs after workers rejected a rescue plan proposed by the management.

Since then the factory and the rest of the 54 acre site has been *on the market,* but has not attracted industrial interest.

Although there have been some suggestions for purely retail uses, the city council wants to *see the site remain zoned for* industry.

Faviar proposes to build 100 small factory units of 500 sq ft and larger, similar to those built and let by the British Steel Corporation and the Scottish Development Agency in the East End of Glasgow.

In addition, the property company wants permission for a retail estate, warehouses and leisure facilities.

اهكذا من الآجل

هكذا من الأصل

Big rise offered to lorry drivers

BY NICK GARNETT, LABOUR STAFF

LORRY DRIVERS in the area of the country due to settle first in the current pay round have been offered a substantial pay rise which might be near last year's 22 per cent deal.

The offer, made to negotiators for more than 3,000 drivers in west Yorkshire by the local hauliers' federation for Leeds and Bradford will be put to a mass meeting of drivers on Sunday. Union officials appear confident that the offer will be accepted.

Area officials of the Transport and General Workers Union believe the offer more than provides protection for earnings over the 12 months from the area settlement's anniversary date in November.

This suggests an increase on the present £64 basic that could be considerably above 14 or 15 per cent.

The proposals, however are not thought to include anything significant on reduced hours, even though Transport and General officials warned at the time of the last settlement that there would be a fight this year over the working week.

A Transport and General delegates' conference will fix next month what is in effect a national drivers' pay claim. Negotiations for each region are handled separately, though the union seeks a common national rate. Most regions settle just before or just after the end of the year.

The local hauliers' federation is not part of the Road Haulage Association, the principal employers' body in the hire and reward sector of the industry and any deal for Bradford and Leeds may differ from settlements elsewhere.

The west Yorkshire negotiations, however, might indicate that hauliers generally are prepared to make offers acceptable to the drivers and not risk a re-run of last year's strikes which severely damaged industry.

Settlements among drivers in the Road Haulage Association's 15,000 member companies have direct repercussions on pay rates within the nationalised haulage sector and within manufacturing companies operating their own lorry fleets.

ITV peace talks today

BY GARETH GRIFFITHS

PEACE TALKS aimed at ending the seven-week black-out of independent television screens start again today, with the companies and the three unions involved talking about a re-packaged two-year pay deal.

The Association of Cinematograph, Television and Allied Technicians said yesterday there was a still a substantial difference between what it wanted and the companies' latest offer.

ITV executives said the talks on Monday night had produced some hopeful signs. They said there had been a useful exchange of views between them and the unions.

The ITV two-year offer on Monday was worth about 35 per cent with a pay increase of 15 per cent backdated to July 1, followed by increases at six-monthly intervals of 5, 7½ and 5 per cent. But ACTT wants a guaranteed cost of living threshold agreement so that the package guarantees its members' living standards.

Strike will disrupt Paddington services

By Nick Garnett, Labour Staff

RAIL SERVICES to and from Paddington, London, will be seriously disrupted from this morning by a 24-hour official strike called by the National Union of Railwaymen.

British Rail estimated that about half the services to and from the station will be cancelled and many others delayed.

The strike, in protest at negotiations over reorganisation of working schedules in Paddington's parcels office, begins at 6 am today and is due to finish at 6 am tomorrow. Management said, however, that disruption might continue after that time, partly because rolling stock will be out of position.

Mr. Sidney Weighell, the union's general secretary, believes the disruption will be far greater than British Rail estimates and warned of the possibility of further strikes.

Staff instructed to strike today include railmen, ticket collectors, supervisory staff and guards. Guards from other depots will not cover for Paddington guards on strike.

ASTMS backs Dutch dispute

STAFF IN Shell's refinery and marketing divisions are being advised by the Association of Scientific, Technical and Managerial Staffs to try to prevent shipment of goods and oil to Holland.

This is in support of the strike by refinery workers at a Royal Dutch Shell installation in Rotterdam for a 35-hour week. ASTMS has submitted a similar claim.

British Steel rejects union claim

BY ALAN PIKE, LABOUR CORRESPONDENT

BRITISH STEEL Corporation management yesterday in effect rejected a pay claim from the industry's largest union the moment it was tabled and told union leaders to go away and think again.

Iron and Steel Trades Confederation leaders went to the corporation's London headquarters to submit a claim for substantial increases when their new agreement comes into force on January 1.

Although the union has put no precise figure on the claim, BSC calculates that it would amount to at least 20 per cent, or £200m a year in cash terms.

Instead of considering the claim and replying at a later meeting, BSC officials yesterday broke with tradition and told the union leaders immediately that it was unacceptable.

'Unrealistic'

Mr. Peter Broxham, director of industrial relations, told the union negotiators that their demands appeared "totally unrealistic" and urged them to reconsider the claim against a "realistic appraisal of the corporation's ability to pay."

He reminded them that since 1975 BSC had lost £1.3bn and argued that the union's claim appeared to take no account of the magnitude of this financial crisis.

The swift and strong reaction of BSC indicates a determination to ensure that, under free collective bargaining, the Corporation's ability to pay is kept at the centre of the forthcoming negotiations. Union leaders are urging the corporation to press the Government to continue funding BSC's losses in future, but it is apparent that the corportion's Board does not see this as an alternative to reaching acceptable pay settlements this year.

The ISTC claim seeks a settlement substantial enough to improve steel workers' present position in the pay league, indexation and a reduction in working hours leading ultimately to a 35-hour week.

Other elements in the claim include improvements in the position of workers at the lower end of the pay scale, consolidation of bonuses and payment of the minimum adult rate at 18 instead of 21.

Supermarkets

● A claim for a 25 per cent rise has been lodged for 100,000 supermarket staff.

The union of Shop Distributive and Allied Workers wants a minimum rate of £55 with all other rates, including that for store managers, rising by 25 per cent.

It is also seeking a cut in the working week—from 40 to 35 hours. The union believes more jobs could be created if this was introduced.

Mr. John Flood, USDAW deputy general secretary who presented the claim to the Multiple Grocers Association, which includes: Tesco, Fine Fare, Allied Suppliers and International Stores, said there was no reason why the claim should not be met in full.

WHY SOME COMPANIES HAVE LEFT ENGINEERING FEDERATION

Orders come before employer solidarity

BY HAZEL DUFFY, INDUSTRIAL CORRESPONDENT

"WE CAN admire employers' solidarity, but our business and our customers must come first." "I believe a company's first loyalty must be to its employees and not to the EEF."

These comments from two companies which have resigned from the Engineering Employers' Federation are straightforward explanations for the course they decided to take, and which will almost certainly be followed by some other companies in the next few weeks if there is no breakthrough in the engineering industry dispute.

Metro-Cammell is quite specific about its reasons for settling outside the EEF offer—although the company will not reveal the terms of its settlement. It has big export orders won against international competition and to satisfy these customers, it must deliver on time. The Hong Kong mass transit railway system, for which it has a large contract, is due to have its inaugural run shortly and potential customers will be watching to see that it is not delayed.

Mr. Donald Whitehouse, director and general manager, says the company took the more dignified course of resigning from the EEF rather than waiting to be expelled. So far, he has had no indication that suppliers who are EEF members will "black" the company, and he does not expect this to be a problem in the future.

Mr. David Brown, chairman of DJB Engineering, is also confident that his company will not be blacked. It is a fairly small company employing around 600 in Peterlee, Durham, but it has expanded rapidly and exports about 90 per cent of production. The company has agreed to a 39-hour week because this was the only basis on which a settlement could be agreed. The concession amounts to an increase of 2½ per cent on wage costs, and will be considered in the next pay round which is due in a couple of months.

Mr. Brown believes the issue of the 39-hour week is not one on which employers should stake so much. "The EEF has fought the shorter working week all along. But we are only debating when it should come in, and not if. Productivity is what really matters. To go on fighting on the hours issue would only have meant the employees in this company would suffer, and that perpetuates the them and us situation."

Mr. Brown's views on the 39-hour week are not shaded by the bulk of employers in the engineering industry but a sizeable minority believe that by making a sacred cow of the issue, both employers and unions have sown the seeds for further dissent.

The managing director of a medium-sized engineering company in the south of England says: "Both sides have turned the 39-hour week into a political battle from which there seems to be no withdrawal. The Government knows that the public wil lnot suffer from this strike and is, therefore, encouraging employers to show solidarity over what I believe is the wrong issue. Likewise, the unions are determined to show their muscle to a Tory Government."

This particular company is considering conceding the 39-hour week simply because it cannot afford to delay vital orders any longer. If it means leaving the EEF, so be it. But there is a strong suspicion on the part of some employers that companies have already made concessions, and not been expelled from the EEF.

Similarly, there are workers who have been prepared to compromise on their unions' demands in order to get back to work. Many companies are getting 'dispensation' from the union district committee so that, for example, the overtime ban is not being operated to the full.

Many companies are finding that some factories in a group are working normally, but others are complying with union instructions to the full. In the STC group, for example, plants in Wales and Northern Ireland are not working on the two days, while those in the south are going ahead normally.

The loss of production in the industry, however, is still substantial. The EEF estimates that 40 per cent of production is being lost, while the incalculable effects of the strike will be in future orders lost. Many companies already report that they have received cancellation of orders, both from UK and foreign customers. Adcock-Shipley Textron, machine tool manufacturers, admits to losing orders, but stands absolutely firm on maintaining the 40-hour week. The company meets its unions today to talk about a productivity deal, and believes this will lead to a settlement of the dispute.

Most employers are undoubtedly standing firm on the EEF offer, and basically that boils down to the 40-hour week, even those smaller and medium-sized companies who see their future as growing increasingly precarious if the dispute goes on. Some are worried about being "blacked" if they concede the issue and have to leave the EEF; a few, however, prefer to risk this threat rather than see their companies being brought to their knees.

Mr. Brown of DJB Engineering says both the EEF and the unions claim his settlement as a victory. He cannot see how either side can make such claims—for him it is a victory for commonsense.

Prior plan to alter costs rule for industrial tribunals

BY GARETH GRIFFITHS, LABOUR STAFF

THE GOVERNMENT plans to alter the way industrial tribunals are run and to widen the rule on costs, in order to discourage frivolous and "unreasonable" claims for unfair dismissal.

Tribunals will be given power to conduct proceedings in a more flexible way and will be able to advise either party at a preliminary hearing that if a case appears weak, costs may be awarded against the party pressing the case to a hearing.

The Government wants tribunals to take into account the circumstances of a company, particularly its size when considering whether or not an employer has carried out a dmismissal reasonably.

Details of the Government's proposals were published yesterday by Mr. James Prior, Employment Secretary. He has issued three working papers on amendments to employment protection legislation, trade union recognition and schedule 11 of the Employment Protection Act which allows for a regional or industrial wage norm to be set.

Like the other labour law working papers produced by the Government, they are intended to be the basis of consultation with the CBI, TUC and other bodies. The Government intend to introduce the reforms by the end of the year. The procedural rules for tribunals can be altered by orders in council although Mr. Prior has a statutory obligation to consult the Council on Tribunals.

Unfair dismissal. The Government says many employers feel they are "guilty until proved innocent." The onus of proof should be made neutral and tribunals should be able to require evidence from either party according to the circumstances. Tribunals would be given power to reduce or extinguish basic awards and the minimum basic award of two weeks' pay provision abolished.

Qualifying

New companies with less than 20 employees are to be exempt from the unfair dismissal provisions for the first two years of trading. Employees would still accumulate service towards a qualifying period for unfair dismissal complaints but would not be able to use their rights during the two years.

The Government says it would be undesirable to create a second tier of employees but believes small companies will provide most of the new employment in the economy. There has been great pressure from small businesses on the Government to alter the Employment Protection Act.

Maternity provisions. Employees will be required to provide written notification of intended absence and intention to return to work and to provide a second notification at least 28 days before her intended date of return instead of the seven at present. Women will also have to give a written notification not later than six weeks after confinement of intention to return to work.

There are also proposals to allow the employer greater flexibility in offering alternative employment. The Government invites comments on suggestions to give companies employing less than 20 exemption from maternity provisions.

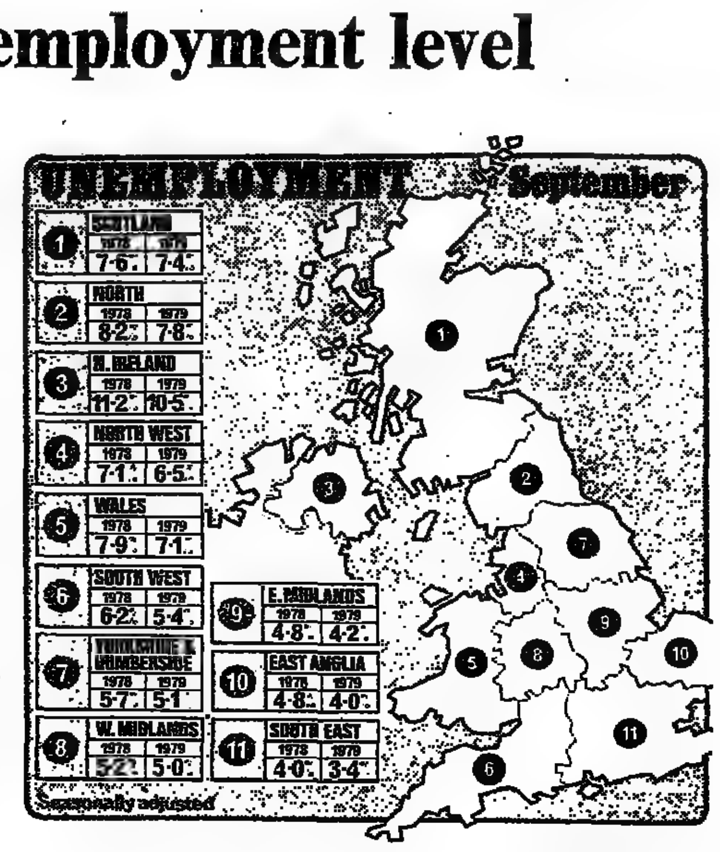
Trade union recognition. Comments are invited on the role of the Advisory, Conciliation and Arbitration Service in recognition issues. The paper says there is general agreement from employers, trade unions and ACAS that its recognition work is hampering its conciliation and arbitration functions.

Schedule 11. The Government says the schedule has not been applied to eliminate "pockets of low pay" which was its intention. Instead it was a means of circumventing pay policy with employer collusion. It had weakened sound and agreed collective bargaining. Proposals include the schedule's repeal, the repeal of the general level of the schedule and thirdly amendments to remedy defects.

East Anglia produces fastest fall in unemployment level

BY DAVID FREUD

THE FASTEST drop in the level of unemployment in the six months, since March, was seen in East Anglia, closley followed by the South East and the East Midlands. The slowest improvement during the summer took place in Northern Ireland, Scotland and the West Midlands.



Over the whole country the total number of adult unemployed fell zy 7.2 per cent between March and September after seasonal factors are taken into account. In East Anglia the decline was 12.5 per cent, in the East Midlands 10.4 per cent and in the South East 10.2 per cent. There were also above-average declines in Yorkshire and Humberside, with a 9 per cent drop, and Wales, with 3.3 per cent.

By contrast the decline in Northern Ireland was 1.2 per cent, in Scotland 1.9 per cent and the West Midlands 4.1 per cent. The North West drop was 5 per cent, the North's 6 per cent and the South West's 6.2 per cent.

As a general rule those regions with the fastest rate of decline in unemployment over this period were also those in which the rate of unemployment was lowest. The South East, East Anglia and the East Midlands, in which the biggest improvements took place, have the lowest unemployment rates.

In the month to mid-September the number of adults out of work fel lin all regions except the West Midlands, the North, Wales, Scotland and Northern Ireland.

هكذا من الأصل

The range of international services no other bank offers:

International Finance. Competitively.

Short-term and fixed rate medium-term finance covered by ECGD guarantees.
Negotiating or discounting bills, Acceptance credits, Eurocurrency finance, Export factoring. International leasing and Instalment finance.

International Branch Network. Competitively.

Being the exclusive U.K. member of European Banks International (EBIC) Midland can offer their clients the complete facilities of seven major independent European banks with 10,000 branches throughout Europe and a world-wide network of joint ventures.

International Transfers. Competitively.

Foreign exchange, spot and forward contracts. Clean payments, mail transfers, telegraphic transfers, drafts. Bills for collection, documentary credits.

International Corporate Travel. Competitively.

Exclusive to Midland, direct access to the world's largest travel company – Thomas Cook – a member of the Midland Bank Group. The fastest growing company in business travel providing the most comprehensive business travel service including foreign exchange in 150 currencies, travellers cheques, V.I.P. Service cards and 870 offices in 145 countries.

International Merchant Banking. Competitively.

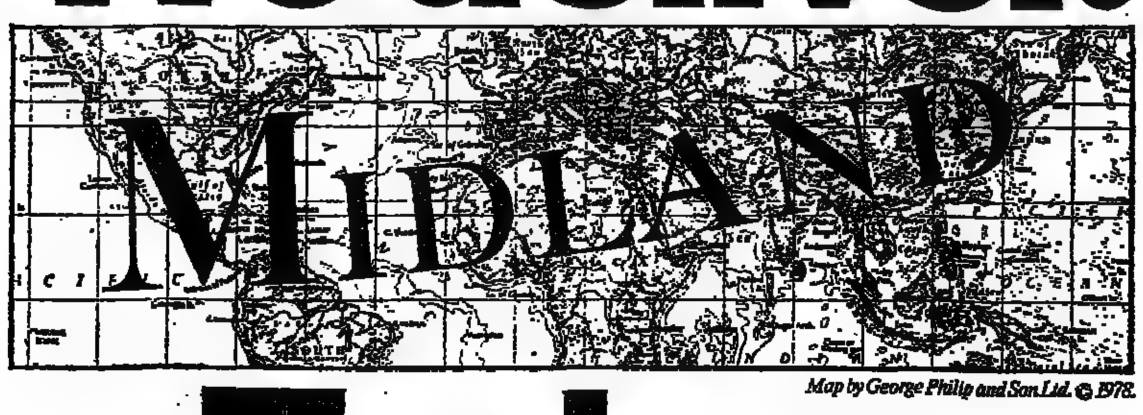
A complete range of international financial services from Samuel Montagu, a major Merchant Bank and a member of the Midland Bank Group.
Eurocurrency credits, bond issues, corporate and investment services.
Samuel Montagu are also major market makers in bullion, foreign exchange and Eurobonds.

International Marketing Services. Competitively.

A unique range of marketing and export finance services through the London American International Corporation Limited, operating in over 100 countries.
Information on regulations, tariffs, documentation procedures and exchange control.

If we're not already delivering for you and you think there's room for improvement in your financial arrangements, we'd like to talk to you. For a prompt answer, contact our International Division in London or any of our branches throughout the U.K.

We deliver.



Map by George Philip and Son Ltd. © 1978.

Test us.

Midland Bank International

Midland Bank Limited, International Division, 60 Gracechurch Street, London EC3P 3BN. Tel: 01-606 9944.

Soft loans win Egypt 'phone deal

BY JOHN LLOYD, IN GENEVA

THE SIEMENS-THOMSON CSF consortium which won the massive $1.8bn contract to modernise the Egyptian telephone network was able to offer very favourable loans to the Cairo-based national telecommunications authority ARETO said to be at an interest rate of 5¼ per cent over 30 years with a ten-year grace period.

Neither Siemens nor Thomson would confirm the terms, saying that details remained to be worked out with the Egyptians. It seems certain however that much of the capital is to be channelled through Austria where Siemens has a large subsidiary.

The U.S. consortium of Western Electric, General Telephone and Electronics and Continental Telephone, which was favourite for the deal since Continental specified the nature of the modernisation 18 months ago, places much of the responsibility for the loss of the contract on the U.S. Government.

A senior executive from one of the three companies which was closely involved in negotiations said: "We tried to tell the Government that it would have to get in to the game of very soft loans. It wouldn't move until it was too late."

However, it is possible that the U.S. companies will still benefit from the Egyptian expansion. The U.S. Government has advanced $200m to the Egyptians, earmarked for spending on telecommunications. The Continental study has taken around $8m of that while another $32m will go to Continental for further work, leaving $160m in Egyptian hands.

However, some U.S. executives believe that it may now be reallocated to another industrial sector.

It is also thought possible that Continental, whose part in the U.S. consortium was to manage the contract, will be asked to play the same role for the European consortium.

News of the contract first appeared some 18 months ago, when details of the study completed for ARETO by Continental were published in a Middle East magazine. The ambitious plans called for a 20-year upgrading of the meagre and inefficient network with an immediate five-year crash programme to modernise the notorious Cairo telephone communication system.

The cost of the initial five-year programme was put at around $3.4bn with a further rate of spending of $1bn every year to the end of the century, a total of around $20bn.

The Continental study also argued for the establishment of a large manufacturing plant capable of turning out electronic exchanges and other modern equipment. The plant would replace the ageing electro-mechanical facility established by the Swedish company, Ericsson; more ambitiously, it would take the whole of the Middle East as its market.

Specifications

At the same time as the study was publicised it became clear that Continental was part of the U.S. consortium. There was much comment in world telecommunication circles that the specifications had been written purely to suit the capabilities of the U.S. companies, and that the plans could be implemented only by the very largest enterprises.

Western Electric, the manufacturing arm of AT and T, is the biggest telecommunications manufacturer in the world—while GTE though a poor second to AT and T in manufacturing and operating in the U.S. is still one of the world's larger companies, providing a telephone service for 17m people.

Further, it was commonly believed that the deal was tied to the sale of U.S. fighter planes to Egypt, and that it was assisted by the Camp David agreement between the U.S., Israel and Egypt.

However, two factors encouraged other companies to enter the fray. First, it was obvious that a programme of this size could not be funded by Egypt. Financing would be at least as crucial as technology and diplomacy. The U.S. Government, while it had shown itself willing to give U.S. AID for communications projects, is reluctant to tie the soft loans to a given bid, since it would then be seen to favour a particular company or group of companies.

Second the Egyptians themselves let it be known that they were not irrevocably wedded to the American bid. By the summer of last year a number of the leading companies—including ITT, Ericsson, Nippon Electric and CIT Alcatel—began discussions with ARETO on their systems and on their willingness to undertake all or part of the work. CIT Alcatel of France was possibly the most enthusiastic, flying one of its E10 electronic exchanges out to Cairo and installing it free of charge, inviting a number of European journalists to watch it do so.

As this activity increased the U.S. consortium was expressing its alarm over the funding of the venture. In April of this year, Mr. Robert Gressens the GTE Vice-President in charge of the Telecommunications Products Division said that finance remained a critical area but that he believed the U.S. Government was "coming round."

Much of this was known within the industry. Known to very few, however, was an agreement forged in the latter half of 1978 between Thomson CSF and Siemens to bid for the Egyptian contract. Siemens entertained the Egyptians in Munich last September where they were shown the EWSD digital electronic exchange. Thomson played host to ARETO engineers in Paris this spring, demonstrating the MT20 exchange.

The secrecy which surrounded these moves meant that the Egyptian decision which became known last week surprised many who assumed that the U.S. companies were still in the most favoured position.

While both Siemens and Thomson are extremely reluctant to give details of the deal, stressing that negotiations on the financing still have to be completed, it seems clear that the bulk of the responsibility for the finance will fall on a group of Austrian banks, and that the French, West German and Austrian Goverments will play a part, possibly in guaranteeing the loan.

The Austrian connection appears crucial. The friendship between President Sadat of Egypt and the Austrian Chancellor, Mr. Bruno Kreisky, has been mentioned as a cornerstone of the agreement and the single element which most helped to swing the deal in favour of the European consortium.

For the U.S. companies, the bitter pill is the strong support enjoyed by European and Japanese companies from their Governments, support which the Americans claim they cannot match: Mr. James Robb, President of the U.S. Independent Telephone Association, said this week that "unless we can get a change in the philosophy of the U.S. Government we will continue to be at a disadvantage with the rest of the world."

Mr. Paul Henson, chairman of United Telecommunications, the U.S.'s third largest phone company, and himself an increasingly eager seeker for world markets, put it even more strongly. "We are going to have to lose some of what we have regarded as the American ethic in business. The Government just has to get involved in the financing of these deals, because we're facing nationalised competition all over the world and we are losing out."

Exposed

U.S. companies participating in the Telecom 79 exhibition in Geneva—the largest of its kind ever mounted—are noting sourly the strong presence of governments and PTTs in the stands of their European and Japanese competitors. After decades of ensuring that Government does not intervene and that a PTT, in the European sense, did not exist, the Americans are beginning to feel that they are uncomfortably exposed.

Both Western Electric and GTE agree that there will have to be further pressure on the U.S. Government. "We are fighting countries not companies; that is the lesson," said a GTE executive. GTE's disappointment appears sharper than that of Western, for good reason. The company is more dependent on its international business for its sales, and recently had to pull most of its engineers out of Iran where work on a $500m contract has stopped.

Western takes the loss with apparent calm. "This has hurt us less than many people think," said Mr. Anthony Scibelli, Western's general manager in Egypt. "We're fairly new in the international business but we are in for the long haul. We'll get the orders."

Richer market

Mr. Scibelli believes that Egypt will in time become a much richer market as a result of the five-year programme. "This is good news for the Egyptian people. It could also be good news for us in the future. We are not looking at it as a closed market."

For the European companies, the order is a triumph of diplomacy and technology. "We don't believe in doing business in public," said Mr. Ekkehard Seidel, sales director of Siemens Telecommunications. "We were glad when the spotlight fell on the Americans."

M. Mark de Saint Denis, the Thomson vice-president who took charge of the contract, maintains that the choice was largely made on technical merit. He points out that Egypt is the 15th country to select the MT 10 exchange in a year—certainly a considerable tribute to aggressive French salesmanship.

If, however, the U.S. companies succeed in persuading their Government to match the European and Japanese Governments' terms in future deals then the telecommunications market world-wide will certainly become even tougher. It is a salutory lesson for the British, proudly showing off the new System X in Geneva this week: the lesson is that technology is not enough.

APPOINTMENTS

Ellerman Lines chief executive

Mr. James A. Stewart has been appointed managing director of ELLERMAN LINES from November 1. He is at present deputy chairman of the petrochemicals division of Imperial Chemical Industries and chairman of ICI Petroleum. Mr. Stewart has been with ICI throughout his business career, having worked in the Nobel, fibres, agricultural and head office divisions of the company.

★

Mr. J. F. Barnes has been appointed production director and **Dr. C. A. Clark**, director and technical manager, of Langley Alloys, an engineering company of the LOW AND BONAR GROUP. **Mr. Heinz Reese** has become general manager of Rosedale Plastics Inc., Ontario, Canada, from Bonar and Bemis, another Low and Bonar Canadian packaging company. **Mr. Brian Ewing** and **Mr. David Wild** have been made respectively managing director and deputy chairman of Bibby and Kardon, member company.

★

Mr. John Rushton has been appointed production director of IMI PAXMAN.

★

Mr. Ray Wookey has joined the Board of ZEROSTAT COMPONENTS, of St. Ives, Huntingdon, as sales and marketing director.

★

Mr. E. Peter Ward has joined the New Product Management Group as founder managing director of NPM PLANNING AND RESEARCH.

★

Mr. A. A. Weissmüller, managing director of UNITED INTERNATIONAL BANK, will be leaving on November 15 to take up another appointment in banking. He will be succeeded by **Mr. Peter Tamm** who will join as managing director next month. For the past four years Mr. Tamm has been managing director of Citibank's affiliate in Copenhagen.

★

Mr. R. A. K. Scallon, representative in Moscow for BARCLAYS TOZER, has been appointed a director, and **Mr. C. M. Williams** has become assistant representative in Moscow. The company is a subsidiary of Barclays Bank International.

★

Mr. A. E. Foucar is leaving HILL SAMUEL BROKING AND CONSULTING SERVICES on October 1 for his private business interests.

★

The Lord Chancellor has appointed **Dr. Ronald C. Tress** to be chairman of his ADVISORY COMMITTEE ON LEGAL AID from October 23. Dr. Tress is the director of the Leverhulme Trust and was formerly Master of Birkbeck College. He succeeds **Lord Hamilton of Dalzell**, who has been chairman of the committee since 1972.

★

Mr. Roy Birch and **Mr. Peter Rees** have been appointed directors of CHARLES BARKER CITY from October 1.

★

Mr. R. J. Mullin is to join the partnership of HEALEY AND BAKER and continues as senior resident general manager in the company's office in Amsterdam.

★

Mr. Ronald Collingwood has become chairman of H. SAMUEL, following the death of Mr. Robert R. Edgar. Mr. Collingwood remains joint managing director.

★

The Secretary for Employment has appointed **Miss Elizabeth Carnegy**, Convenor of the Education Committee of the Tayside Regional Council, to be a part-time member of the MANPOWER SERVICES COMMISSION. She succeeds **Mr. Alex Devlin**, who resigned in June.

★

The Secretary for Trade has appointed **Mr. Jonathan Bodlender** and **Mr. Brian H. Coupland** as members of the ENGLISH TOURIST BOARD from October 1 for three years. **Sir Frank Price** and **Mr. Christopher Bond** have been reappointed for further terms from that date.

★

Mr. M. J. Evans, an executive director of Siegfriend Aktiengesellschaft, Switzerland, has been appointed a non-executive director of LAPORTE INDUSTRIES (HOLDINGS), not a non-executive member of Laporte as reported on Monday.

★

The BROKEN HILL PROPRIETARY COMPANY has appointed **Mr. R. M. Williams** to be its UK and European representative and to be responsible for its office at 14, Hanover Square, London, from November 12 in succession to the late Mr. J. F. McNicol. Mr. Williams is at present Perth manager and has held a number of senior positions within the company in Australia, New Zealand and the U.S.

★

Mr. Jan Posner has been appointed managing director and head of studies of TRANSPORT STUDIES, of Brentwood, Essex, a new company formed to promote courses, seminars and conferences on transport and shipping problems. **Mr. F. R. Thomas** has become a director.

★

Mr. Brian Watson has been appointed sales director of JAMES SECCOMBE, of Redditch.

★

Mr. Richard Findlay, Radio Forth's managing director, has been appointed to the Board of INDEPENDENT RADIO NEWS.

★

Mr. Jim Alexander, vice president Cooper Laboratories International, in charge of European operations, has made the following appointments at COOPER HEALTH PRODUCTS. **Mr. Richard Lamping**, previously financial controller and deputy general manager, becomes managing director, succeeding Mr. Alexander who formerly held that position. **Mr. Bob Colliver** takes over as financial controller. **Mr. Ralph Mulryne**, general sales manager, has been made director of sales and marketing.

★

Dr. J. G. Wistreich takes over from **Mr. J. R. Hartree** as vice president of ALCAN LABORATORIES and director of the Banbury Research and Development Centre from October 1. Mr. Hartree will become research and development programme director, based in Montreal, responsible for the full resources of Alcan's R and D centres being made available to the company's fabricating operations outside North America and Europe. Dr. Wistreich comes to Alcan from the British Steel Corporation where he was chief engineer R and D and also manager of its corporate engineering laboratory.

Dr. J. G. Wistreich

★

Three Board appointments have been made at WEIR PUMPS, a member of the Weir Group. **Mr. R. Garrick** becomes deputy managing director. **Mr. J. D. Begg** has been made executive director, production, at the Alloa, Clackmannanshire, plant, and **Mr. P. T. Syme** joins as executive director, production, Cathcart, Glasgow, Plant, having previously been with the company from 1965 to 1971.

★

Dr. John H. Watt has joined the Board and **Mr. Clifford Simpson** becomes company secretary of PANAVISTA, Edenbridge, Kent.

★

Mr. Richard Staniland has been appointed company secretary of CLARKE SECURITIES, Burton-onp-Trent, and its subsidiaries.

★

Mr. H. G. Mutkin has been appointed a non-executive director of ARTHUR LEE AND SONS from October 1. Mr. Mutkin is an executive director of Orion Bank.

★

Mr. John Fowles, managing director of GOWRINGS, of Reading, has been appointed to the additional position of group chairman. **Mr. Michael Oldland** becomes deputy chairman.

★

Mr. Peter Giffin has been appointed chief executive of UNITED HOUSING ASSOCIATIONS TRUST. He was formerly operations director for Servotomic, the GKN central heating subsidiary.

★

Mr. eorge Hutchison has been appointed an associate of OSCAR FABER AND PARTNERS, Sale, Cheshire. He has been with the firm for seven years and has just returned from Nigeria where he was in charge of an associated Faber practice.

★

Mr. D. J. Gamble will be joining COUNTY BANK from October 1, as manager, marketing and strategic development, in its investment division, and will become a director of County Bank Investment Services. He has been an assistant director of N. M. Rothschild and Sons since 1977.

★

Mr. Peter V. Quick is to become managing director of LEYLAND NIGERIA in October in place of **Mr. Richard Morley**, who is to leave Nigeria at the end of his fixed-term contract. Mr. Quick is at present managing director of Self-Changing Gears, part of BL Commercial Vehicles.

Leyland Nigeria, a company owned jointly by the Nigerian Government (35 per cent), Nigerian State government and investors (25 per cent) and Leyland (40 per cent) opened a progressive manufacturing plant at Ibadan, Nigeria, in March, 1979. The plant will ultimately have an annual production capacity of 12,000 vehicles a year and will employ a total of 1,800 Nigerians.

Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

● DATA PROCESSING

Control of services in buildings

IT BECOMES possible to control complete building environments from a central control room using the computer-based Supervisory Data Centre from ITT Controls, Maclaren Division, 333 West Street, Glasgow G5 8JE (041-429 2191).

Components of the system include a controlling microprocessor, keyboard and single line display unit for entry and demand of data and for programming, and an independently operating 35 mm slide back projection unit for displaying relevant plant diagrams. Also available are plant mimic diagram boards.

Sub-station units for outstation use contain the circuit boards necessary to convert signals from the centre into a form that can be used for switching and also to send status and value signals back to the centre.

The system is thus able to monitor and control virtually all plant services in a building including such things as load shedding and fire/security circuits. Main use will be in connection with heating and ventilating by sensing indoor and outdoor temperatures and humidities, with carefully programmed sequences to keep conditions within prescribed limits and save energy.

Known as the SDC 8000, the equipment can handle up to 1,000 addressable zones, all of which are scanned and their condition compared with what is programmed. Any change from normal limits will produce alarms with a printed record. If desired, the fault can be made to give an indication on an associated mimic diagram. Control action can be automatic or manual.

Apart from automatic scanning of the address points, the system can check plant on a programmed basis, initiate fire and security alarms, pin-point malfunctions, undertake programmed switching, implement daily and weekly monitoring programs for temperature, humidity and air conditioning control, allow manual override and permit the substitution of new programs.

SUCCESSFUL completion of production trials are reported for this prototype horizontal glass toughening furnace developed with NRDC aid by T. N. Butler (Weybridge).

Installed at Glassec, Cornwall, Ontario, Canada, the unit has convinced its purchasers so thoroughly that a second is about to be installed while a third is on order.

The prototype is able to handle glass up to 60 in in width while the second will take up to 42 in and third up to 90 in widths.

Unique to the Butler horizontal design is its oscillating operation which moves the sheet of glass to and fro in the furnace rather than passing it through continuously as in most conventional horizontal types.

This provides considerable savings in cost and space occupied. At the same time, the low thermal mass of the furnace and the advanced control system for temperature and movement allows the furnace to cope readily with various sizes and thicknesses of glass, which means that operational flexibility is improved.

At the same time, productivity is high and the prototype has toughened as much as 6000 sq ft of glass in less than three days.

Better design of air nozzles and cullet tray in the chiller section will make it easier to remove fragments should a breakage occur. And this will allow the furnace to take glass up to 3 mm thick, when the modification has been fully developed.

In the meantime, the company is to install a new type of furnace with advanced control techniques at its Woking factory. This is intended for demonstrations to potential international customers and also for the production of toughened glass by a Butler subsidiary.

T. N. Butler (Weybridge), Britannia Wharf, Monument Road, Woking, Surrey 04862 4276.

Has many functions

IT BECOMES possible to connect a wide variety of instrumentation and transducer inputs to the Commodore PET computer using some data acquisition equipment put on the market by Astech Electronics, 73, Castle Street, Farnham, Surrey (0252 725585).

Known as the DA80, the unit when used with the PET machine encompasses the functions of data logger, storage oscilloscope, chart recorder and scientific/process control micro which has a good performance and is inexpensive and easy to use.

PET's use of Basic program language gives the DA80 the ability to process input measurements mathematically, display them digitally or graphically, take conditional action dependent upon signal levels, frequency or combinations of events, detect limits, display messages or text, and generate control or error signals.

Up to eight channels can be examined at the same time, or up to 256 with scanning programmed by the micro; scanning rates can be 15,000 per second, or 500,000 per second with a high speed analogue to digital module. Both modules have 4,000 12 bit words of buffer memory.

Other modules that can be plugged into the 19 inch rack housing include eight and 16 channel multiplexers, a digital to analogue converter, a line driver allowing a PET up to 4 km away to be connected to the DA80, conditioners for various transducer signals, amplifiers and a serial data encoder.

Outputs can be provided on the PET crt display, on a remote monitor, teletypewriter or alphanumeric printer, which can also be made to print "graphs." Data can be stored on a cassette recorder for low data rates, or a floppy disc for higher rates.

Including an 8k PET and simple software, a "ready to go" single channel system costs about £2,500; a multiplexer to expand to 16 channels would add about £250.

● ENERGY

Device cuts fuel consumption

OUR Correspondent in Helsinki, Lance Keyworth, reports of a new Finnish fuel-saving device for the smaller household that it will cut consumption by between 10 and 20 per cent, with no reduction in comfort or hot water supply.

Made by Nortti-Tuote Oy, its operating principle is very simple and somewhat similar to that of a product recently offered through a Belgian group, which however worked on the boiler flue.

It works by shutting off the air intake to the boiler immediately the thermostat reaches the pre-set temperature. It follows that the boiler stays hot for much longer, since no air is removing the residual heat and rejecting it to stack. Thus the next start of the burner is correspondingly delayed.

Finland's State Institute for Technical Research has made exhaustive tests of the unit which has so far performed faultlessly for 200,000 boiler re-starts — corresponding to about ten years' use.

This is, in principle, the normal life of an oil burner.

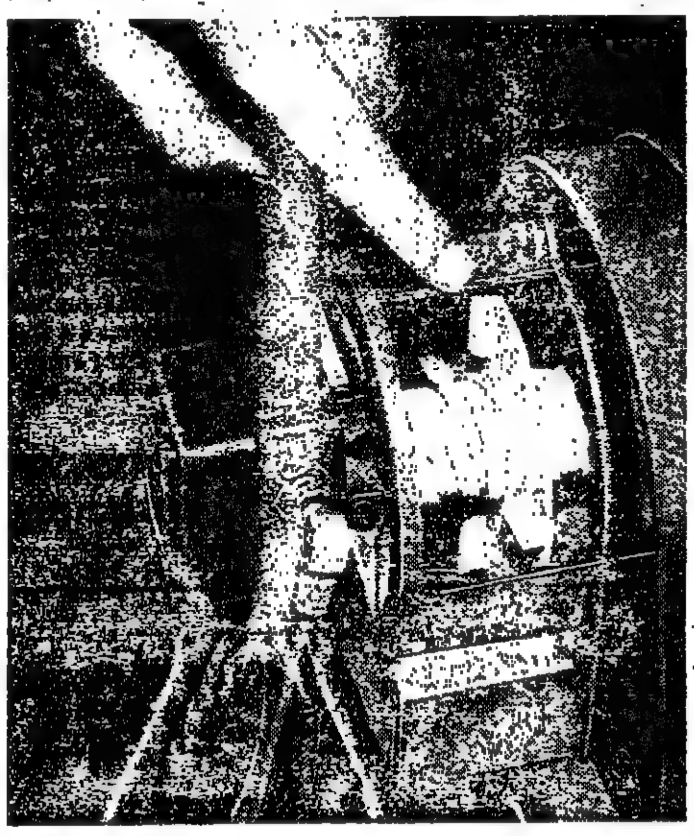
Though the unit is simple in operation and can be installed on the oil or the gas burner in about five minutes, the maker suggests that it should be fitted by a professional.

No maintenance is needed.

Patents are pending in European countries, the U.S., Canada and Japan where an agency contract has already been signed.

The inventors have called this device the "heat lock."

Further information from Nortti-Tuote Oy, Vattuniemenkatu 10, 00210 Helsinki 21, Finland.



The installer is indicating the position of the air cut-off disc in the feed unit of a domestic boiler.

● INSTRUMENTS

Gauges cylindrical parts

MADE BY Tesa in Switzerland and available in the UK from Matchless Machines, Redkiln Way, Horsham, Sussex (0403 60271) is the Diamaster, a two point comparative measuring instrument able to show the difference from nominal dimensions of cylindrical components up to 75 mm in diameter.

The instrument has the appearance of a G-clamp with the measuring stem acting downwards from the top and an interchangeable support block at the bottom mounted on V-slides and carrying a pair of pads so that the measured component is always firmly held under the spring pressure of the measuring head assembly.

The associated gauge, which can be a dial gauge in-situ or an electronic indicator cable connected, will show the exact difference from nominal, unlike an ordinary "go-no go" snap gauge.

The sensing head itself is retractable, to avoid any damage to a machined surface when fitting the gauge over the workpiece.

Measurement range about nominal is ±0.5 mm, the maximum error four microns and the repeatability 0.5 micron.

● SERVICES

Good view of the flue

A MINIATURE closed circuit television camera has been successfully used for chimney flue inspection by Campbell's (Industrial Services) at Duckham's Oils' blending and packaging plant at Aldridge near Birmingham.

Because of the narrow diameter of the 80 ft high twin-flue steel stack it was impossible to adopt conventional manual inspection routines. Preliminary inspection of the flue by Campbell's Industrial steeplejacks had confirmed that the 12-year ol chimney had suffered internal damage caused by corrosion.

To find the exact location and extent of the damage, it was suggested that closed circuit TV techniques used for drains inspection might be used and the services of Telespection (Cromford Road, Ripley, Surrey) were called upon.

A Telespection low light level camera fitted with its own lighting source was inserted into the chimney and lifted up the flue passages by a winch. A two-way radio link between a steeplejack on the top of the chimney and the control vehicle on the ground enabled the camera's progress to be controlled.

A TV screen in the control vehicle enabled engineers to study the condition of the flues and at the same time a video tape was made for further study later.

Campbell's (Industrial Services) has its headquarters at 11 Middlemore Road Industrial Estate, Smethwick, Warley, N. Midlands (021 558 5625).

● PHOTOGRAPHY

Winding on made easy

AUTOMATIC FILM wind-on in 35 mm single lens reflex cameras is usually a question of adding a fairly bulky unit to the base of the camera.

Auto-wind on has recently been introduced in some lower cost pocket cameras but now Konishiroku has introduced the Konica FS-1 which offers built-in automatic loading, wind on, exposure and flash control in a 35 mm reflexbody which without lens measures 146 x 46 x 90 mm and weighs 560 grams. There is therefore no wind-on lever.

Loading consists of simply placing the film in position in the camera and shutting the back; advance to the first frame is automatic, as is wind on after each exposure.

The camera has shutter speed priority: the speed is set on the customary body knob and the aperture sets itself under micro control and is shown in the viewfinder.

Konishiroku Photo Ind (Europe), 51 High Street, Feltham, Middlesex TW13 4AB.

● COMMUNICATIONS

Voices from the deep

ELECTRONIC processing that corrects the "Mickey Mouse" speech uttered by divers due to their breathing helium oxygen mixtures have been improved and much reduced in size and weight by work at Edinburgh University.

Most existing systems use digital processing involving analogue to digital conversion resulting in equipment sizes in the 1,000 cubic inch region with weights between 15 and 20 lbs.

The Edinburgh device, developed at the university's Wolfson Microelectronics Institute from a design by Dr M. Jack of the department of electrical engineering, is based on analogue working using charge coupled devices (CCD) with CMOS digital circuits for control only. Engineered versions, possibly with all the functions on one chip, are expected to yield a size under 10 cu inch and a weight of less than 0.5 lb.

Basically, the device detects the moments at which pitch correction is needed, samples the speech into charge couple devices and reads the samples out of the CCDs at a lower rate, reducing pitch.

It seems likely that the new device will be integrated into a complete communications system. If it could be linked with a similarly portable sonar communications device, divers would no longer need a speech transmission line to the surface. Each diver could carry his own transmitter / receiver / unscrambler, giving clear and direct speech contact with control ship or with other divers. Such a system however, could remain operational even in the event of some lifeline damage between control and diver or diving bell.

More from Dr. Jack at Department of Electrical Engineering, University of Edinburgh, Mayfield Road, Edinburgh, EH9 3JL (031 667 3733).

Lights up instead of ringing

BY MEANS of a device developed in Switzerland, it is possible to substitute the ringing of a telephone or doorbell with light signals.

The unit could be useful in high ambient noise surroundings where the bell may not be audible or where it is too far away to be heard — or where the bell noise is undesirable.

Called Visotel, it consists of a small plastics case on which the telephone can sit and has light signals on all four sides.

More from Reichle and De-Massari, Pundtstrasse 11-15, CH-8610, Uster, Switzerland.

● HANDLING

Crane scale approval

LOADCELL-BASED crane scale made by Solidate has been approved by the Department of Trade and the company believes it is the first weighing equipment maker to be so approved.

The scale provides "legal for trade" accuracy with the same number of divisions as a stamped platform scale. This means that fine weighing can be carried out for trade purposes while loads are being lifted, removing the need for a separate weighing operation.

Double shear beam loadcells are housed in the crane block and the system is suitable for heavy industrial weighing ranging from 1 or 2 tonnes up to several hundred.

More from Sandy Lane, Moston Road, Sandbach, Cheshire CW11 9HT (09367 7225).

● CONFERENCES

To discuss burning issues

JUBILEE SEMINAR of the Rubber and Plastics Research Association of Great Britain is entitled "Plastics, Rubber and Fire" and will be held on Wednesday, November 7, under the chairmanship of Mr. E. N. Smith of ICI plastics division (and chairman of the BPF fire technical assessment committee) at RAPRA, Shawbury, Shrewsbury, Salop (0939-250383).

The papers will illustrate the fire behaviour of different products and various approaches which may be employed to minimise their fire hazard, including aspects of materials selection, design and product control.

Development and improvement of fire test methods will be discussed and attention will be given to the current review of national, EEC and international legislation and the possible effects of new standards and specifications on future markets for plastics and rubber products.

Fee for the seminar will be £30 plus VAT or £45 plus VAT for non-RAPRA members.

The Yarsley Technical Centre is holding an Open Day for its fire testing department on Thursday, November 29 at Trowers Way, Redhill, Surrey (0737-65070), with Dr. I. Dunstan, director of the Building Research Establishment, as principal guest.

Wholly owned subsidiary of the Fulmer Research Institute, the YTEC's latest equipment includes new fire resistance and surface spread of flame furnaces for testing to BS.476 (part 8 and 7 respectively) and a NBS smoke chamber for measuring smoke generation.

YTEC claims to have the most comprehensive general purpose independent fire testing laboratory in the UK and visitors will now have an opportunity to see all its laboratory facilities.

● ELECTRONICS

Tunes from the chip

THE LAY public, already numbed by the apparent ability of the silicon chip to do almost anything, will probably not be too surprised to hear that it can play tunes, too.

Latest device from General Instrument Microelectronics, the AY-3-1350, described by the company as a "single chip tunes synthesiser" can be programmed to produce up to 28 melodies and is aimed at the toy, musical box, doorchime and similar consumer and novelty industries.

Mask - programming will normally take place during manufacture and the chip's repertoire will consist of popular or classical tunes selected for their international acceptance.

Standard circuit is preprogrammed with 25 short tunes and three simple chimes, but this can be altered to suit the application: a customer could have a single tune of up to 251 notes lasting one or two minutes for example. The chip could also generate tunes from data held in external programmable read-only memories. Thus, toy and equipment makers could plug in different "tune sets" without having to invest in different preprogrammed synthesiser chips.

For door chime makers, various interesting possibilities present themselves. For example, the circuit might be connected to a matrix of buttons on the front door, one for each kind of caller, so that the occupier knows who is there. Friends and members of the family could have their own signal.

Pitch, tone and speed of tunes played by the chip can be independently set by external components, which may be preset or brought out as potentiometers for user control. Simple switch closures or capacitive touch controls can be used to trigger the device.

To help OEM companies, GIM has produced a development system consisting of a 110 by 90 mm board with socket mounted chip plus the additional components to play tunes from an external programmable read only memory.

More from 1 Warwick Street, London W1R 5WB (01-439 1891).

هكذا من الأصل

FINANCIAL TIMES SURVEY
Wednesday September 26 1979

EXPORT MANAGEMENT

In the competitive world of international trade, efficient management of the services and expertise that make up a company's export effort is essential. But it is an area in which British companies are failing, in spite of an enviable amount of Government support.

Where Britain could do better

By Margaret Hughes

THE MOST discouraging aspect of travelling abroad to trade functions is seeing how much better the main competitors do it than the British. Ask those in the market itself and they will tell you the same thing over and over again. Companies from other countries seem to have a more obviously co-ordinated and planned export strategy. They capitalise on initial contacts with frequent follow-up visits. The export salesman is in a position to take decisions and make commitments on the spot without constant reference to head office.

Some of Britain's most successful exporters have organised their marketing arrangements as effectively as their foreign rivals. But there is still considerable scope for improvement in industry as a whole, particularly as far as management is concerned. In too many companies there is still the attitude—despite Britain's history as a trading nation—that exports are only important when the home market is depressed.

Easier

Selling to the domestic market is much easier and nowadays many British companies often do not have the production capacity to sell to both markets simultaneously. Insufficient production is said to be one of the major restraints on Britain's export effort.

Consequently, once the home market picks up again production is switched to meet this demand and exports are largely forgotten until the next domestic recession. For these companies any export push thus tends to be only a one-off affair and so lacks the continuity of overseas competitors who in the meantime are able to establish themselves in the market. When the British company eventually returns it faces a formidable task in selling its products, no matter how high their quality may be.

Thus despite some recent change in emphasis a job on the export sales team can still be very much an also-ran compared to a home sales position. The status and rewards are usually smaller though the work itself is generally more difficult. The export team is also much smaller. This is the key area where some sectors of British industry fall behind their main competitors — and not delivery dates or quality as is generally believed. Skill in selling, where Britain compares very favourably with its main competitors is not sufficient without the manpower.

This was pointed out in a recent study — the Barclays Bank Export Development Report — sponsored by the bank in conjunction with the British Overseas Trade Board and the London Chamber of Commerce. The study found that one of the major differences in exporting in Britain, France and West Germany was the role of management, particularly middle management.

On the Continent middle management played an all-important role "organising the industrial machine and getting the results." In both France and Germany there is a keen appreciation of the critical role played by middle managers in the organisation of export success. This was reflected in their high status and responsibility, wide powers of influence, high salaries and incentives.

This was in "sharp contrast" to the role of middle management in Britain, where the management structure was not found to be conducive to the rapid decisions required in export operations. The study found the quality of British management was as high if not higher than their counterparts in France and Germany, indeed their sales productivity was 20 to 30 per cent higher.

But Britain's managers were restrained by fiscal, political and industrial limitations. A reflection of the greater appreciation of middle managers in France and Germany is that they earn three times the salary of those in Britain, while higher tax rates, which are in any case lower than in Britain, were imposed at a much higher salary level. After tax earnings were therefore much higher.

This means that French and German companies are able to attract the best calibre of people to their export departments and keep them there. All too often British companies lose their best export executives to overseas companies where the rewards are higher and the promotional prospects better. The study asserts that increased recognition of export managers in terms of both greater rewards and status should become a priority in Britain.

The reason why middle management has such a key role to play is that exporting is not simply a question of having a skilled sales team. It is of course essential in the increasingly competitive world of trade but its success is soon short-lived if there is not the necessary back-up. Exporting has to be a co-operative effort involving the whole company and co-ordinated by middle management.

The export team should combine the salesman with the technician, the designer, the accountant, the distribution and transportation services, marketing and publicity departments as well as those involved in production—including the workers on the shop floor. The quality of this co-operative effort, coupled with prompt after-sales service, is dependent on middle management rather than on the chairman or chief executive who does not have day-to-day contact with the whole process.

The importance of a co-ordinated export effort seems obvious enough. Yet both the National Economic Development Office (NEDO) and the British Overseas Trade Board (BOTB) have felt it necessary to launch a campaign to promote just this. Under the banner of the "total export concept" it places particular emphasis on the integration of the movement of goods in the whole export process. The movement from factory to customer is the major cost element in export distribution. Yet many companies tend not to think about transport until after the order has been secured.

This integration of the movement of goods in the whole export effort is an area where Britain trails badly behind its European competitors. It is estimated that most British companies could achieve savings of as much as 10 per cent on transport costs in exporting. But because most senior management have obtained their positions through production, marketing or financial backgrounds the movement of goods tends to be a neglected area. Yet it relates to every stage of production and exporting.

Good product design can save on packaging, it can provide a product which fits into standard containers which makes transportation both cheaper and easier. It also improves security—there is less chance of damage or pilfering in transit. The lay-out of the assembly or production line also influences the efficiency of transportation and distribution.

The pricing of a product is also linked to the method of transportation — and not just because it represents some 8 per cent of the delivered export price. More consideration should be given to the decision of whether a product should be sold "ex-works." It may be less troublesome but is not always the most cost-effective. Exporters should consider the advantages of being able to control the price of its product further down the line. This will give them more influence both over the final price and the way it is marketed. It will also provide business for Britain's transport and insurance companies.

Co-ordinating the movement of goods with the rest of the export strategy should also improve delivery dates. If the salesman is aware of the transport and distribution aspects he is less likely to commit his company to unrealistic delivery dates.

Freight forwarders should be taken into the customer's confidence so that they are more involved with his export strategy and thus provide a better service. The distributor can provide valuable feed-back to industry because he is in direct touch with the overseas customer. He knows whether he is satisfied; he can pass on any additional requirements which he wants so that they can be quickly incorporated at both the design and production stages.

The gap between production and distribution is said to be damaging to Britain's export effort. At the conference to launch the total export concept early last year none of the companies which presented case histories was considered to have achieved the total concept in full, though they had at least integrated their distribution systems.

Upgrade

The BOTB and NEDO acknowledges that they have a long way to go in convincing companies. They are attempting to do so by encouraging management schools to upgrade the level of training on transport and distribution. They are also trying to get design schools to place more emphasis on this aspect.

The BOTB is also preparing teaching kits to promote the total export concept, it is looking for medium-sized companies to use as case histories but admits that it has so far failed to find even one. Total export concept maybe a somewhat slick phrase but the idea behind it is sound commonsense—so much so that it is disturbing that British exporters have to be persuaded by government at all.

EXPORT MANAGEMENT II

The problems of distribution

AT A TIME when manufacturing industry is hard-pressed to find new ways of cutting costs without expensive investment, the definition of distribution is taking on a new meaning. It no longer applies only to the broad movement of goods, but to the whole production process.

Proponents of the "through transport concept," which has been developed by the British Overseas Trade Board and the National Economic Development Office, believe that movement of all materials and finished goods should be integrated into an overall company policy for maximum efficiency.

It is therefore difficult to *isolate physical movement of* goods from the handling of components on the production line, the design of a product for ease of packing, or the procedural arrangements made for *their* export.

Although it is clear that the actual movements of goods from the factory to the overseas buyer is the major cost element in export distribution, it is argued *that this* process should not be taken in isolation—merely as a final step in a logical sequence which is overseen at a high level within companies.

The essence of this somewhat broad concept is made by NEDO's international freight movement economic development committee, which says: "There is still a tendency to produce and sell first and think about movement later. Physical distribution should enter into the long- and medium-term planning of every export activity.

"*Payment arrangements* in overseas trading deserve far more attention. Together with transport they make an important difference not only to real profit for the exporter, but also to the national net benefit in terms of employment and the balance of payments."

Broadly, it is regarded as desirable for an exporter to retain direct control of his product as far as possible down the line to the ultimate buyer. In doing so he will be in a better position to influence its final price, the way it is marketed and the activities of agents.

As a direct spin-off, it is then more likely that British companies will be involved in the insurance, transport, shipment and handling of the goods, with consequent benefits to the UK balance of payments. By selling ex-works the chance of gaining this benefit is sharply reduced.

The importance of transport as a cost centre is stressed in the EDC report which estimates the cost of physical freight movement at a conservative 8 per cent of the delivered price of *exports. "It follows that the* cost differential between efficient and inefficient distribution is such as to make it an issue of national concern," the report says.

Planning

It adds that senior management should consider distribution planning as an integral part *of marketing strategy, linking* together control and development of production, design, selling, servicing, financing and distributive skills.

The theory behind this is that the managing directors of most companies, particularly smaller or medium-sized ones, have reached their position through either the production or marketing side of the business.

It is therefore likely that on assuming the managing director's job he will be preoccupied firstly with his own specialist field and then with broad finan*cial matters, overlooking* movement of goods and materials, which he may regard as a complex but secondary job for less senior managers.

The British Overseas Trade Board, after involvement in the problem for some years, believes it is unusual for any company to have a senior manager who understands the movement of goods in relation to production and design. It also estimates that most companies can make savings of around 10 per cent on transport costs.

The EDC report echoes this view: "Basic distributive principles are too frequently insulated from the attention of top *management*, who as a result are often neither equipped nor encouraged to engage in distribution planning or assess the relative strategic advantages of alternative systems or services."

Consequently it is considered that too many UK exporters are still inclined to regard transport as a number of separate and independent road, rail, shipping, airport and inland clearance services, leaving agents or forwarders to link these together.

These then either arrange the transit or sometimes supply a total service covering all the physical operations of transporting goods from origin to delivery point and the handling of all associated documentation and procedures.

As a result, many British companies are effectively cut off from any direct overseas distributive experience, while there is evidence that industrial management in France, Germany *and particularly Holland* is markedly more distribution-conscious.

The preponderance of Continental-owned rail wagons operating between the UK and the Continent is said to reflect this attitude. There has also been increasing investment by Continental hauliers and forwarders in the UK, but less in *the opposite direction.*

However, the problems of efficient distribution are unlikely to be completely solved by the introduction of the "through transport concept" since flows of documents and information essential for movement, cannot be relied upon to dovetail with the movement of goods.

Reform and rationalisation of the parallel information system is progressing slowly under the Simplification of International Trade Procedures Board (SITPRO) which is engaged in a systematic national and international revision of the whole chain of information handling.

It is clear that with the widespread introduction of electronic information handling systems this whole area of activity will be revolutionised, though not without a difficult period of transition. It will also mean *that if companies are to* avoid being left even further behind, they too must make the necessary changes.

Although many documents are going to disappear in favour of electronic information, it is evident that companies will be faced with even greater procedural difficulties if their internal systems are not compatible with the norm. It is envisaged that in the not too distant future there will be direct computer transfer systems between companies, banks, customs, forwarders and others in the chain.

There has been widespread co-operation within Europe and also with Soviet bloc countries in the development of new systems which, it is hoped, will create real benefits. But the *EDC says: "If SITPRO is to* succeed, senior levels of manufacturing industry will need to integrate their distribution information with their other business systems."

It is clear that since the "through transport concept" was first formulated in the early 1970s it has not been widely *accepted, although it is also evi*dent that the concept itself has developed with time.

Although many companies may not know of the efforts to make them at least aware of the concept, they are likely to find it increasingly impractical to ignore the changing patterns of distribution systems and techniques.

Lorne Barling

The marketing effort

BRITAIN'S EXPORTERS are finding that the key to the export success of British goods and services revolves more around product quality, marketing and service support than competitive pricing—once considered the *foundation* of any sales effort.

This was borne out earlier this month by two separate developments in the motor *industry—the opening of* a new North American headquarters in New Jersey by Rolls-Royce, and the continued overseas sales problems besetting BL, centring more on problems of supply and continuity of maintenance rather than price itself.

This shifting of focus is not without its problems, caused in large part by the comparative suddenness in the rise of sterling against foreign currencies, so that exporters are wary of playing down the price factor too much.

The trend, however, was noted by the ITI Research Group in its recent study on export development in Britain, France and West Germany. "Credit terms, delivery dates, personal relations, technical service and development assistance have become steadily more important than price," the report said.

This marketing philosophy has been in effect in France and Germany for some time, but the tide has also turned in Britain, the report said. This has been happening to such an extent, "that whereas it was once customary for retailers to press manufacturers for higher discounts and lower prices, now they insist that manufacturers should go for higher quality and a higher price to reflect the excellence of the product."

The importance of the export market to Britain was brought home by the ITI, which surveyed 120 companies in each of the three countries.

Fifty-seven per cent of those questioned in Britain reported that export sales were more profitable than home market sales, compared with only 31 per cent in France and 17 per cent in West Germany.

All three rated quality and technology as factors more important than price, and considerable stress was placed on after sales service. Britain found product delivery an important element too, reflecting the British problem of shortage of production capacity. "In all three economies, there is a clear realisation of the need to get away from crude price competition—quality and technological advance are . . . seen as the most rewarding directions," the report said.

The British Overseas Trade Board, the chief export promotion wing of the Department of Trade, has set up a detailed monitoring system to measure aspects of trade by companies. While each company has its own particular experiences in dealing in the international marketplace, there is a continuity of experience confirming the general findings of the ITI report.

In one case study, the BOTB examined Kenwood Manufacturing, now a part of the Thorn Electrical group. In speaking about is successful and long-standing production of such kitchen appliances as blenders, Kenwood reported: "Our machine is quite unique. We believe that to price it too low would be to invite unwanted comparisons between our products and our competitors. We have carved out a niche at the top of our market, and we intend to stay there. If an import agent attempts to price our products too low, he will not only ruin the market, but he will cut his own throat. . ."

In the heavy manufacturing sector, Davy Loewy has found that there was no such thing as a "typical export contract," but *because of the nature of* its business, it is more concerned with an overall package rather than anything as specific as price. "Certain aspects are always important, though in varying degrees dependent on the particular market," a BOTB case study of the company showed. These included credit and financing, local supply capability, commercial conditions, payment terms, fixed prices, and technical competence."

Evidence evaluated by the BOTB indicates that price competitiveness rises in importance the more consumer-orientated the product, and sometimes for surprising reasons.

The Mettoy Company, the toy *manufacturing concern*, has achieved export success in France with both its Petite and Europa typewriters, largely because of the growth of hypermarkets throughout the country. Hypermarkets, of which there are some 60 in and around Paris, mark up by 50-60 per cent rather than the 90-100 per cent mark up by ordinary retailers. This *gave Mettoy the opportunity to* keep servicing its traditional outlets with the Petite brand, while offering the Europe through the hypermarkets, thereby getting the best of both worlds, the BOTB report said.

Active

One area where price competitiveness remains vital is in the export of packaged foods, where the combination of attractive store presentation, combined with appropriate incentive pricing, remains a tried and true practice.

Behind this is the need to hold or increase the all-important share of market—not always easy to do on a business whose fortunes shift so easily.

The British Food Experters Council (BFEC) has been active in recent years in organising trade missions throughout the world and, is conscious of their precarious competitive position in view of the rise in the value of the pound.

What is occupying much of the BFEC's efforts these days *is carving out a stronger* presence in the EEC. The association recently participated in the Anuga Food Fair in Cologne in mid-September, and is anxious to improve its share of the frozen food market in Europe—a market whose imports internationally of frozen vegetables, fruit and fish jumped 82 per cent last year to £42.2m.

BFEC member Ross Foods said that "when freighting costs are taken into account, together with the effects of the strength of sterling, there must *be tight control in order to re*main competitive."

Frank Gray

هكذا ان الأ صل

هكذا من الأجل

UK TRADE BY MODE OF TRANSPORT IMPORTS 1970-78

£m

	Sea	Per cent	Air	Per cent	Other*	Per cent	Total
1970	7,439	82.2	1,229	13.6	369	4.1	9,037
1971	8,060	82.1	1,328	13.5	433	4.4	9,821
1972	9,063	81.7	1,582	14.3	449	4.0	11,094
1973	12,882	81.3	2,357	14.9	615	3.9	15,854
1974	19,697	85.1	2,860	12.4	595	2.6	23,152
1975	19,793	82.0	3,127	13.0	1,208	5.0	24,128
1976	25,627	82.3	4,166	13.4	1,362	4.4	31,155
1977	29,332	80.4	5,398	14.8	1,746	4.8	36,476
1978	31,629	77.2	7,211	17.6	2,129	5.2	40,969

UK TRADE BY MODE OF TRANSPORT EXPORTS 1970-78

£m

	Sea	Per cent	Air	Per cent	Other*	Per cent	Total
1970	6,417	79.6	1,042	12.9	603	7.5	8,062
1971	7,351	80.1	1,248	13.6	582	6.3	9,181
1972	7,522	77.4	1,483	15.3	716	7.4	9,721
1973	9,349	75.0	2,046	16.4	1,063	8.5	12,458
1974	12,899	77.6	2,840	17.1	873	5.3	16,612
1975	15,497	77.8	3,224	16.2	1,200	6.0	19,921
1976	19,942	77.4	4,485	17.4	1,331	5.2	25,769
1977	24,953	75.7	5,816	17.6	2,205	6.7	32,974
1978	27,846	74.5	7,347	19.7	2,170	5.8	37,363

Notes

* "Other" includes Irish land boundary, ships, boats and continental shelf production platforms, oil and gas in pipe-line, *electric energy*, parcel post, low value trade, non-monetary gold, other transactions and commodities not classified according to kind and, for years up to 1973, aircraft moved under their own power.

For years from 1974 aircraft moved under their own power are included with air trade.

1978 figures include second-hand aircraft temporarily imported or exported for repair and subsequent return, causing a slight discontinuity and inflating the proportion of trade carried by air. The amounts involved are £453m on imports and £389m on exports. The percentage shares of trade for 1978 excluding those amounts are:

	Sea	Air	Other*
Imports	78.1	16.7	5.2
Exports	75.2	18.8	5.9

For tables showing value, *"Other" includes Irish land* boundary, ships, boats and continental shelf production platforms, oil and gas in pipeline, electric energy, parcel post, low-value trade, non-monetary gold, other transactions and commodities not classified according to kind.

For tables showing weight, "Other" includes Irish land boundary, oil and gas in pipeline, parcel post classified according to kind.

Source: Trade and Industry

Moving the goods

ANY COMPANY setting up manufacturing facilities in Britain today should consider, at the earliest possible stage, the movement of goods and materials in relation to overall production, marketing and sales.

This is the view of both the British Overseas Trade Board and the National Economic Development Office, which believe that such foresight is likely to provide substantial benefits in terms of efficiency and cost savings in the long term.

Although planning of this nature is admittedly complicated, involving the co-ordination of dozens of different factors, some aspects should be easy to achieve. For example, the size and shape of a product can be crucial to saving trans*port costs if it is designed* to fit into available container space or other modes of transport.

Similarly, good design can save on packaging costs and reduce damage while goods are in transit, and companies are urged to stress this aspect when designers are in the early stages of planning a product.

Most new factory units, particularly in the engineering sector, are now planned accord*ing to the flow of materials from* point of arrival to dispatch, even to the extent of providing gangways of the right size for the goods or materials concerned. However, there is much to be *done in existing factories* where even extensive and initially disruptive changes can have major benefits.

One major company which was faced with a flow of incoming materials moving awkwardly from a rail yard across its production lines to *the point of* outward shipment, claims to have gained substantially in efficiency by switching the direction of the production lines.

NEDO's international freight movement economic development council (Little Neddy) *suggests* that the essence of successful "through movement" is to apply bulk transport principles to *traditionally* fragmented *cargo*. This means assembling loads as near as possible to origin and breaking bulk as near as possible to the ultimate destination.

It is here that the link must be made with the vital pricing function, since goods can be priced "ex-factory" at the point at which they enter the "unit-load through system" and "delivered," that is CIF where the bulk-break function takes *place at the point of arrival.*

The EDC says: "FOB becomes a quite artificial and arbitrary pricing point for almost all through movements. Yet many British companies sell entirely on FOB terms. This often complicates the buyers' calculations and always adds procedural requirements and associated *paperwork.*"

Although the EDC is not suggesting that this system can be adopted universally, it points out that methods of pricing *and* currency choice are important factors in giving the buyer a clear, quick view of options and comparative advantages.

Speed

Doubts were also expressed on the exporters' awareness of the speed with which their goods can now be moved to most points in Europe by container and road trailers, *or that* they support their shipping offices or *forwarders* in laying out the production and processing to get *the most out of* available trans*port facilities.*

Much of the emphasis of the present efforts to improve awareness of distribution shortcomings is directed towards Europe, where British exporters are increasing their market share, but are faced with the additional complication of cross-Channel transport while their Continental competitors are not.

But in the production process alone, very minor movements of products and materials are regarded as important in terms of cost savings. However, it is clear that many of these costs are hidden and need careful study.

The BOTB draws the comparison between this and "value engineering" where the function *of each* component part is examined with the aim of making it more simply or efficiently. Similarly, each movement of components can be examined to establish whether it can be achieved more easily and cheaply.

It is also suggested that joint marketing arrangements should be made between companies making complementary products, and these should include the freight transport industry to ensure that the benefits of the best export distribution expertise can be used.

This would include advice on routing flexibility reductions in overseas supervisory costs, the minimising of freight, packing and insurance costs.

The role of the freight forwarder is seen as increasingly important in the marketing and organisation of both road and rail services, whether the latter are by ferry wagon or container. But it is the link between forwarder and production unit which needs to be closer.

Freight forwarders are now expected to be able to bring their specialist knowledge of costs, procedures and routings to bear on their industrial clients' production plans and operations to be able to produce the most profitable overall result.

It is also suggested that freight forwarders should know enough about a customer's business to give acceptable expert advice in the context of overall company strategy.

The main conclusions of the EDC study indicate that the "invisible barrier" created by the gulf between production and distribution management in manuacturing *industry* is damaging to the UK's performance in Europe. "The problem is seriously underestimated and requires more attention by industry, transport operators and Government," it says.

However, the efforts to get this message across to industry have so far proved to have disappointing results. While many companies have been made aware of the problems, few have tackled *them seriously.*

The BOTB does not believe that any company in Britain fully meets the criteria in every department, although some have made great improvements.

As transport costs continue to mount in direct relation to rising fuel prices, and the equation between rail, road, sea and air transport *continually* changes, the need for greater attention to the problem becomes more urgent.

The impetus to make changes can come only from senior management and it is now regarded as essential for a main Board director to have a special remit to draw together the various strands of the distribution process to form a single policy. In most companies the *marketing director is regarded* as best suited for the job.

Some industries, such as engineering, have long experience in the matter of products designed for transport, but few have extended the powers of one person to deal with everything from design to the choice of overseas bankers, often a vital choice in relation to the speed of payment for goods.

is clearly no easy matter for a company to bring together such diverse activities, but if it means a reduction in costs and greater export efficiency, it is evidently in their interests to do so.

Lorne Barling

Complexities of finance

FINANCE AND the ability to offer credit facilities to the overseas buyer is an essential element of export management. Frequently the provision of credit is more important than a competitive price. But all too often it is overlooked in the initial stages of exporting, *though the financial aspects* should be one of the factors which actually determine whether an exporter even approaches a particular market or buyer.

One of the problems of export financing is that it has become an increasingly complicated business requiring sophisticated financial expertise. The larger companies may have their own financial divisions to deal with such problems but the smaller and medium-sized companies, and even some of the larger ones, do not have such facilities.

This is where the financial expertise available through the Export Credits Guarantee Department (ECGD) the banks and other financial institutions should be fully exploited. ECGD is reckoned to be the most comprehensive organisation of its kind in the world, while the exporter has a wealth of banking and other financial factilities *available to him in the City* of London. But with the exception of a few capital goods exporters British companies do not seem to get the best out of these services.

The blame for this would seem to lie on both sides. Exporters tend to think belatedly of the financing when the deal is at an advanced stage of negotiation, often only when it has been completed. By then it is too late for either ECGD or the banks to extricate them from what may well be unfavourable or even disastrous financial conditions. The banks and ECGD, for their part have somehow failed to market themselves to the exporter — despite recent *attempts to do something about this.*

Strategy

Ideally — in particular for capital goods exports — the exporter and those involved in the financing should be working together right from the moment the exporter plans his sales strategy to negotiating the fine print on the contract. The *finance men are in position to* advise and assist the exporter in negotiating his commercial contracts. With their extensive *international contacts* the banks and ECGD are able to advise on the political and commercial conditions in the buyer country to the extent of sometimes steering the exporter away from undesirable projects or deals.

More often than not, however, this close liaison, seen in other countries, does not occur. The exception tends to be a few plant contractors which have established close working relationships with a particular merchant bank and exploit ECGD's facilities to the full. These partnerships have proved vital in securing several major overseas contracts.

ECGD itself complains that exporters do not make full use of its very wide range of services or do not use them properly. An example of this is the discretionary limits which have been introduced specifically to speed up export transactions. These are revolving limits up to which a policy-holder can offer buyers credit without prior approval from ECGD up to a maximum of £5,000—and in certain cases *above. However, far too many* exporters continue to ask for credit approval where it is not needed. ECGD claims these *unnecessary applications* and the administration involved are partially responsible for the bottle-necks in its services which exporters so often complain about.

Cover

Among the facilities which ECGD feels exporters do not make enough use of is the cover which it provides for invisible exports. Exporters are apparently not fully aware that it offers a similar range of facilities for services as it does for goods. This unawareness is particularly the case where the services are not the exporter's main line of business but where he has provided know-how and other back-up services for his main goods order—all of which are elegible for ECGD cover.

The bulk of the business which ECGD covers is consultancy services. But equipment refits, conversions, overhauls or repairs, processing, leasing, licensing, royalty agreements, film services and some aspects of tourism are among many other more unusual services for which cover is also available.

But while the banks and ECGD may feel that exporters do not approach them early enough in their negotiations, exporters in turn are just as critical of them. It is still difficult to convince exporters that they, the banks and ECGD could all work together towards the same goal. Indeed exporters complain that the others are often more of a hindrance than a help in winning overseas orders.

They are over-cautious and unwilling to take what exporters believe are *justifiable* risks. They take too long to give credit clearance and arrange finance so that orders are often lost. *The market and other* information they provide is neither specific enough or clear enough. Far too much of it is given in incomprehensible financial jargon.

Exporters say that banks are out of touch with industry and feel they would do well to *include staff with industrial* experience on their export-finance teams—as indeed some banks now do. They should visit *companies and factories more* often and not just see things on paper. They should adopt a more entrepreneurial spirit. Instead of hiding behind the security of 100 per cent unconditional ECGD bank guarantees they should take on some of the risk of Britain's export effort and not just the profits.

To an extent the banks are doing so at the big contract end of the business. Following the 1977 review of their refinancing arrangement with the Government they now have to take the first five years of medium and long-term financing on their own books. Unfortunately this may well have made them more cautious still at the other end of the business. Banks are also constrained by Government restraints on their overall lending capacity.

There have been some com plaints that banks are delaying the hand-over of payments

CONTINUED ON NEXT PAGE

EXPORT MANAGEMENT IV

BOTB prepares for spending cuts

THE BRITISH Overseas Trade Board, the export promotion wing of the Department of Trade, may find itself a little short on resources in the coming year, but it remains long on optimism.

As with other Government departments and agencies, the BOTB is bracing itself for budget cuts in line with policies outlined by the Thatcher Government. The one area understood to have been singled out for close scrutiny is the staging of overseas trade fairs, towards which the BOTB last year allocated £16.6m, some three-quarters of its overall trade promotion budget of £21.9m.

There are several factors which may work in the BOTB's favour, however, not the least of which is the commitment to freer and fairer trade between Britain and its partner nations, as stated often by John Nott, the Trade Secretary, and his deputy, Mr. Cecil Parkinson, the Minister for Trade.

The BOTB can also point to the comparatively even costs it has kept in recent years in support of its promotional efforts, and it hopes this will count for something when the final accounting takes place. It will also be keeping in mind the now somewhat weathered pledge by the new Government to help small business.

Concerned

Bur far from resting on its laurels, it is concerned about the still too large number of British companies that do not use or are unaware of its services. This was brought home earlier this year in a report prepared by the ITI Research group which found that British Government export promotion services were considered more helpful to UK industry than those offered in France and West Germany. Yet it also found that some 30 per cent of British companies claimed to make no use of these services.

In effect, there remains a communications gap, which the BOTB sees as closing only by continuous publicity and exposure in public trade functions.

The backbone of the BOTB's work since it was set up in 1972 stems from its support of small-sized exporting interests in Britain. "While we give assistance to the bigger companies, they are often quite well experienced at doing business overseas, and they can do just as well without us," one Board official said recently. "What does please us in particular is when we take a small company and succeed in opening doors for it overseas, thereby helping it mature and broaden its operations."

Seminars

The Board readily acknowledges that putting a measurement on its success is no easy task. Officials say, however, that under the BOTB's aegis several hundred joint ventures were undertaken last year between British and foreign business interests. The Board assisted in the staging of 40 seminars and participated in numerous trade fairs and exhibitions around the world.

This year's schedule has proved just as ambitious, and the Board is "planning or considering" participation in 274 overseas trade fairs and symposia in 1980. The extent to which it will be actually able to do so will be guided by the expected downward revisions to its operating budget.

The strength of the BOTB's operations lies in the intricate network of contacts it has been able to set up with numerous other Government and commercial bodies in Britain and overseas. Perhaps the most important aspect of its work as an export promotion body is its relationship with Britain's embassies, high commissions and consulates abroad.

These provide the vital sales intelligence information at the local level overseas and function as the main points of contact between the local businessman or agent in the field and visiting Britons. There are some 750 full-time commercial counsellors attached to Britain's consulates abroad, and it is estimated there are another 750 locally engaged people assisting them.

Within the BOTB's organisational structure are 16 area advisory groups, each with a responsibility for a specific region of the world.

Often the specialists in these groups are ex-overseas commercial counsellors themselves, who have been seconded by the BOTB to work on the home front in support of outward-bound sales promotion.

Among them are the European Trade Committee, the North American Advisory Group, the Committee for Middle East Trade, the Tropical Africa Advisory Group, the Latin American Trade Advisory Group and the all-important Sino-British Trade Council.

This last body recently sponsored the British Energy Exhibition in Peking in June, in which some 350 companies took part. It was valuable pioneering work, and on their return many of the participants held a seminar in London where they reported on the challenges, opportunities and frustrations of doing business in what could turn out to be the world's largest market place.

The Latin American group helped set up the British Industrial Exhibition in Mexico last year, the largest ever British trade show in Mexico to date, and one whose timing could not have been better, with Mexico then basking in the first flush of success from its current spate of oil strikes.

The North American group this month organised four seminars in Britain—in Sheffield, Edinburgh, Cardiff and Bristol—on the promotion of trade with the western U.S. The seminars involved the participation of a British consular official stationed in Los Angeles as well as a team of UK and U.S. businessmen.

The various programmes in support of British exports got a shot in the arm 18 months ago with the creation within the Board of the Market Entry Guarantee Scheme (MEGS). The scheme, currently operating under a two-year trial term to the end of next January, is designed to help small manufacturing companies deal with the financial risk and problems associated with a venture to develop a new export market.

Commercial

In approved cases, the scheme contributes 50 per cent of the eligible costs of the market venture in return for a levy on sales receipts. This is intended to recover the contributions with a commercial rate of return on the scheme's investments.

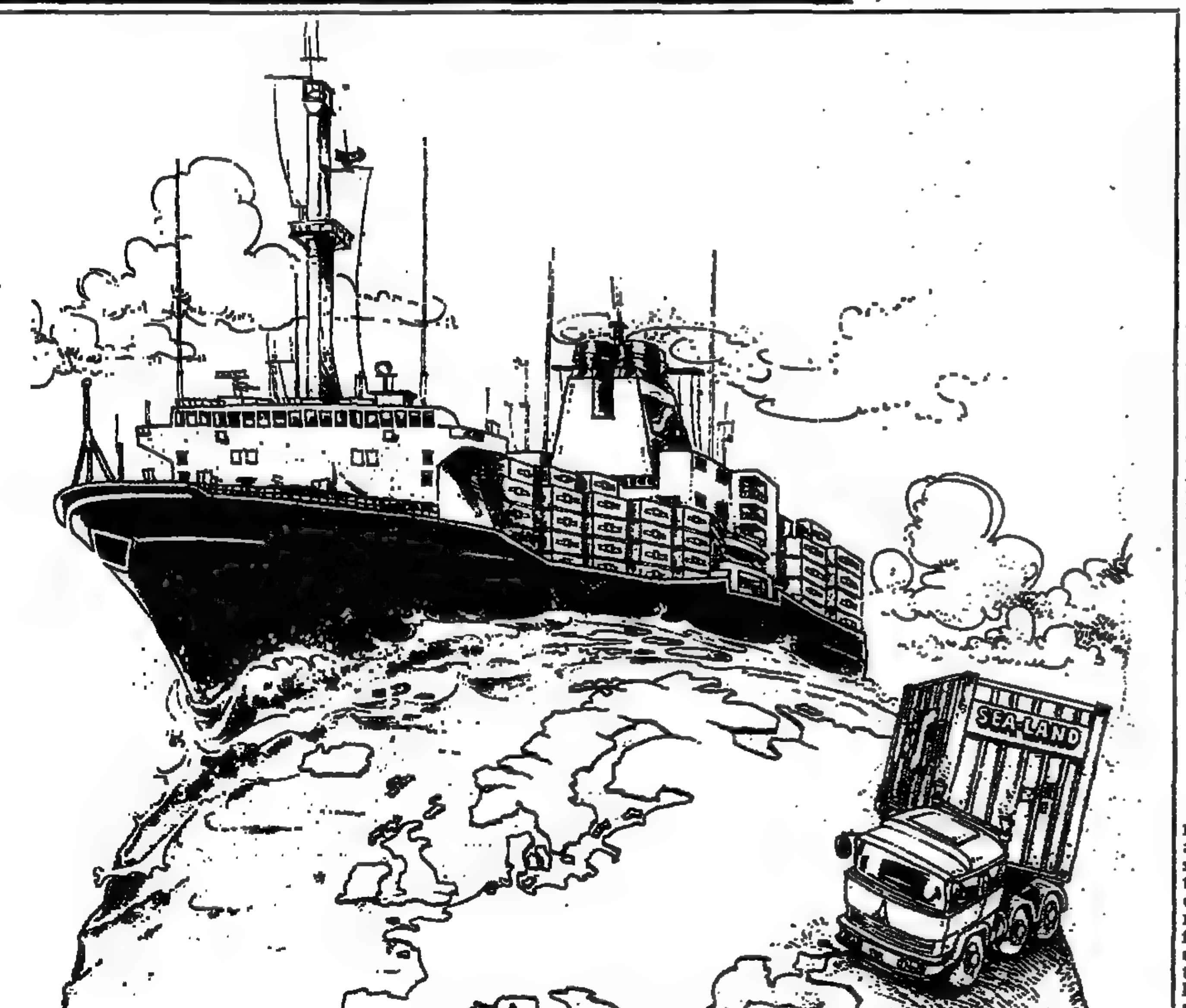
There are strings attached, of course, and these take the form of an annual premium that any company benefitting from the scheme's financing must pay back into it.

The MEGS disbursements in its first year were small, amounting to £800,000. Its first customer was Osro of Hemel Hempstead, a maker of metal and plastics finishing machines. The MEGS assistance, in the form of financial support for the hiring of office space and help for a new Osro operation in the U.S., is aimed at helping Osro achieve £2m a year turnover in U.S. sales by the early 1980s. To date, the programme has disbursed £2.4m to some 34 applicants with an overseas sales potential of £100m per year. It has reviewed a total of 163 applications.

The constructive efforts of the BOTB notwithstanding, the organisation has had its own share of frustrations with recalcitrant clients—be they individuals or the business community at large.

A particularly hot issue, and one which provoked the Board to issue what amounted to a sharp rebuke to the business community, concerns what it sees as the continued inefficiency of British businessmen in the use of foreign languages in non-English markets overseas. The results of a year-long study, released last spring, warned that "in many countries, British companies cannot expect to compete effectively without a knowledge of the local language."

Frank Gray



Finance

CONTINUED FROM PREVIOUS PAGE

received from overseas buyers and profiting as a result. Not surprisingly the banks deny this, saying that such delays only occur when they have not received adequate instructions from the exporter. If the exporter has not told the bank to expect the payment then how, they argue, can they expedite transfer to the exporter?

Exporters also claim that banks do not help them enough in the use of the forward exchange market but bankers point out that all they can do is advise. The cannot, as some exporters seem to expect, make the decisions for them.

But the real problem is one of communication. The banks and ECGD may complain that exporters do not make the most of their services but the exporter is equally justified in saying that this is because these services are not made known to him. A better marketing and public relations effort is needed from the banks and ECGD. The latter is severely hampered by the paltry £200,000 or so which it is allotted by Treasury for publicity and promotion.

Banks do not suffer the same constraint and indeed invest heavily in promotion and publicity. But the traditional image of the uninvolved bank manager interested only in keeping a tight hold on the purse strings seems to remain engrained on the exporter's mind. To far too many exporters the banks still appear unapproachable. So it would seem that more marketing of the personal kind may be required.

In fact his local bank manager is not the man the exporter should be dealing with but with the export finance team—usually at head office. This is the reverse of ECGD where the exporter is far better off dealing with his nearest regional office than tackling head office. Unlike the local bank manager, who has to cover a vast range of business, the ECGD regional offices are specialists dealing solely in all aspects of export finance.

The clearers are well aware of the communication problem. Having for so long regarded themselves simply as providers of funds without any further involvement in exporting (unlike the merchant banks) they have been attempting to redress this. They have been reorganising and revamping their export finance departments while the Midland, for example, has introduced a scheme especially geared to the small exporter which provides export finance without prejudicing his existing overdraft limit.

To some extent these new efforts can be attributed to the arrival of the foreign banks on the export finance scene. But as far as the exporter is concerned this increased competition has still to produce any dramatic changes. Until it does there seems little hope of seeing the joint export effort between industry and the financial institutions which seems to work so successfully for some of Britain's main competitors.

Margaret Hughes

THE MANAGEMENT PAGE

EDITED BY CHRISTOPHER LORENZ

Entrepreneurs: self-made or trained at business school?

By Nicholas Leslie

ENTREPRENEURS do not need to be trained. Their essential characteristic is that they know what they want and how to get it. They overcome all obstacles and refuse to be intimidated by difficulties that lesser mortals would succumb to.

Such is the most common view of the successful independent businessman. It has no doubt been popularised by the image of the "poor boy made good," and acknowledged by some entrepreneurs themselves, along with others, such as bankers, who support them or trade with them.

But there is evidence from several directions to suggest that this is too great a generalisation and that, while there will always be those who will plough their own furrow without outside help, there are also a great number of people who could become entrepreneurs, with varying degrees of success, if only they were given a bit of a leg-up.

The emphasis that has been placed in the last three years or so on the importance of small firms has spawned many initiatives, both political and industrial. Business schools such as London, Manchester, Durham University and Cranfield, have been running programmes during this period which in some form or another promote small business and entrepreneurship.

Feedback from these shows that individuals can be given some insight into what to expect when starting out in business on their own, and that they can learn some basic management techniques. Armed with such experience they may well set up their own company where previously they had hesitated to do so.

These programmes are largely designed for people who have had some business experience and who are in a fairly clearly defined age group of late 20s to early 30s.

The training services division of the Manpower Services Commission, on the other hand, has just completed the fourth of what it calls its New Enterprise Programmes, which aim to give people in any age group, from school leavers upwards, the chance to learn and then experience what it is really like to achieve business independence.

That does not mean it is open house to all-comers. A sifting process takes place and basic criteria do apply. The first 16-week programme in May to September 1977 at Manchester Business School prompted 300 inquiries, which were converted into 140 applications. Of these, only 16 were chosen for the programme. Fourteen finished the 16 weeks, and they established eight new businesses. A subsequent survey has shown that they are now employing 60 people and exporting 20 per cent of their turnover.

Requirement

The basic criteria include the requirement that all participants must have a particular business idea in mind, and that if it involves technical experience they must have gained that experience.

Paul Carradine, who is in charge of the programme at the Training Services Agency, paints a remarkable picture of having initially chosen participants "*by guess and by God,*" and of having to establish ground rules virtually as the first programme started to get under way; no other experience of such a venture was available to draw on.

Now, he says, much has been learned. For example, nobody is considered for the course who wants to set up in an entirely *different area of business from* the one he is giving up—in other words "a stockbroker can not become a hotel proprietor." The dangers of such cases, he says, are that not only is experience lacking but the switch in jobs is being made for wrong reasons.

After selection, the participants move into the second phase of the programme, which is a grounding in various management techniques and practice. Drawing on established Manchester Business School research—on, for example, how small firms are generally undercapitalised, control finances badly, and do not identify markets properly—the Training Services Division of the MSC built into its programme advice on budgeting, forecasting, a range of controls and explanations of staff legislation.

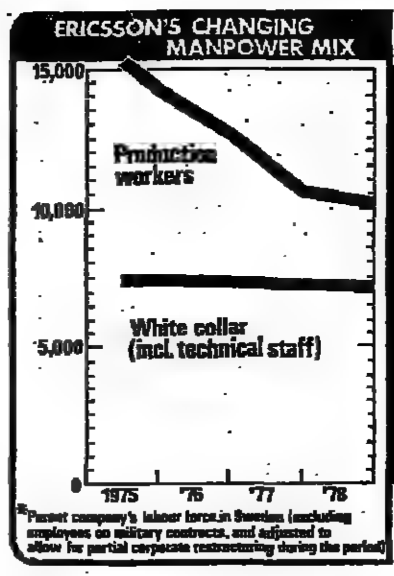
Its purpose was to show the budding entrepreneurs that they cannot rely on departmental support to advise or help them, as they could inside a large company.

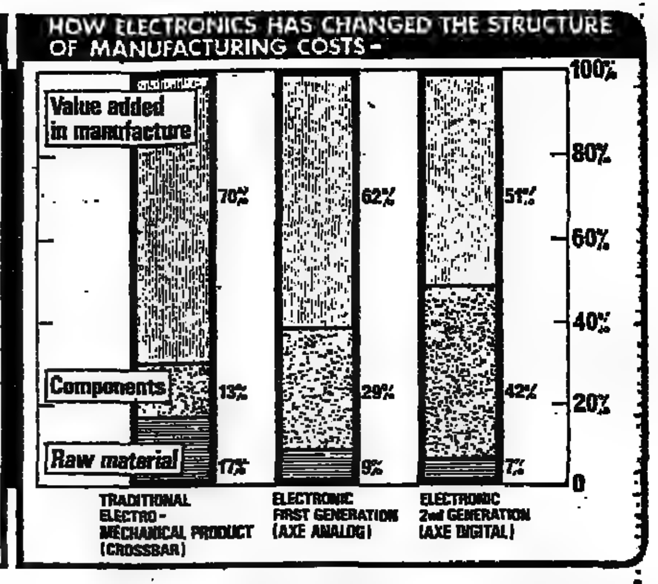
The *third phase* of the programme involves the participants going through the final phases of *setting* up their business. They can do more research, make contact with potential suppliers or customers, seek out finance, arrange premises and services. All the time, they have the support of the business school behind them to advise — or even criticise. Funds are available to the participants to help defray their costs but the money is only forthcoming if the participant justifies his need to *an adjudicating panel.*

The new enterprise programmes are now run in conjunction with not only Manchester's business school, but also those at Durham University and London. Paul Carradine says each programme for 16 people costs about £50,000. Given that estimates put the cost of one person *unemployed for a year* at between £3,000 and £5,000 "if you create 12 to 14 jobs you have paid for the programme." This does, though, exclude any grants given to participants.

How electronics is transforming the shop floor

After yesterday's study of the impact of electronics on L. M. Ericsson's managers, Christopher Lorenz describes the radical changes in its Swedish factories.





DRAMATICALLY FEWER jobs, new skills, different payment systems, smaller differentials. These are just some of the effects on the shop floor of the rapid move by L. M. Ericsson, the Swedish telecommunications multinational, into the "electronics revolution" —*from the production* of electro-mechanical telephone exchanges to their all-electronic successors, incorporating microprocessors by the hundred.

Ericsson's shop floor revolution has been under way for the last two and a-half years, and its impact has been dramatic. But it is far from over: the majority of the company's factories still have to undergo the transition, and labour content is continuing to fall even in those which have been converted.

By the standards of some other countries, especially Britain, the readiness of the Swedish company's shop floor workers to embrace new skills and techniques has been remarkable. Their attitude owes much—though by no means all—to blind necessity.

In the face of a slump in demand for traditional products, the stark choice was between accepting the new or throwing oneself out of work. Many chose voluntary unemployment: the sharpest part of the rundown in Ericsson's Swedish *factory labour force, from 15,200* to just over 10,000 between 1975 and 1978, was achieved entirely through "natural wastage."

This is only one of the reasons why Sture Edsman, vice-president in charge of the company's electronics manufacture, says the transition on the shop floor is proving "far easier than I expected—certainly far easier than at the management level." His remark is particularly surprising, given that, as the graph shows, there has been hardly any fall in white collar jobs (though there has been a considerable shift in techniques —see yesterday's article).

A more positive source of Edsman's satisfaction about the shop floor revolution is that those workers who preferred to stay with the company have proved surprisingly adaptable to new skills and technology, even the relatively high proportion who are aged over 50.

One of the reasons why Ericsson presents a less daunting picture of the impact of electronics than other companies is that it has flown in the face of conventional practice.

At one stage it was expected follow the most common pattern and open a series of new-purpose-built factories with an entirely new workforce, slowly running down its old plants.

The onset of a severe market recession in 1975-76 made this politically impossible, since it would have produced large-scale unemployment across the country. Under political and union pressure, Ericsson felt forced to agree a no-redundancy policy; instead of taking the obvious course of closing a series of factories, only one of its two dozen was shut, and job cuts were made everywhere.

To some extent, this has produced a far from ideal situation from the management's point of view, in which manufacture is spread relatively thinly across a large number of plants, almost all of which are working well under capacity; so far, six have been converted to make Ericsson's new "AXE" electronic exchanges.

But in other ways, this necessity has become a virtue in Sture Edsman's eyes. "At the beginning, I said it would be much easier to build new factories, and start anew. But no longer. The old employees have learned things new people wouldn't have done."

Edsman uses the word "old" in two senses. Not only has the loyalty of established workers contributed to the success of the retraining programmes, but he has found it far less difficult than he expected to get middle-aged people to learn new skills.

For example, he denies the argument of many other companies that because of eyesight and dexterity problems, it is virtually impossible to retrain a 55-year-old female manual worker to perform the precise tasks involved in assembling electronic components and printed circuit boards. Ericsson has many middle-aged women on its electronic assembly benches.

So far, over 2,500 of its workers in Sweden have been retrained for work on the manufacture of electronic telephone exchange. The AXE retraining programme has proceeded steadily since 1977, giving each worker about three months' tuition and handling up to 70 people in any one factory at any one time. Edsman emphasises that government contributions to the cost of retraining—via several programmes, infacture very much in mind.

With forecasts of AXE production requirements being revised upwards incessantly, thanks to the product's unexpectedly rapid success in the market place and the sudden fall from favour of traditional technology, planning the factory conversion and retraining programmes has been a headache.

Not that many of Ericsson's plants are unsuitable for conversion—here again, Edsman's practical experience conflicts with many other companies' theories. "If it's good for the old production, it'll be good for electronics," he declares.

But there has been no scope at all for hiccoughs in the retraining programmes, such has been the pressure to achieve quick results. One helpful factor here, says Edsman, has been the way every factory which is selected to produce AXE equipment welcomes it as the indication of a secure future.

Apart from the loyalty of established employees, and the obviousness of the need for new technology, there are many other factors to which the success of the retraining programmes can be attributed. One is that almost all Ericsson's production workers are represented by the same union, the metalworkers, so that few demarcation problems have arisen.

Another is the way the flow of work on the factory floor has been completely rearranged. Instead of turning out a mass of the same type of piecepart, the average worker has a wider scope of activities. In part, this *reflects the way Ericsson has* learned from the work organisation experiments of Volvo and others, but Edsman also attributes it to the fact that the AXE equipment itself has been designed with efficient manufacture very much in mind.

With this change has gone a fundamental revamping of the payment system. Instead of being paid on a piecework basis, most workers now receive most of their wages in the form of a flat rate, with about 20 per cent at most coming in the form of piecepart bonus.

Differentials are much narrower than before and, though average salaries have remained roughly the same, some workers had to accept a wage cut of as much as 40 per cent with the downgrading of their skills; Sture Edsman emphasises that "large" lump sums of compensation were paid in such cases.

The process of change is far from complete. Ericsson will continue to move from one generation of electronics to another; from 16K memory chips to 64K in the AXE processor, for example, with a consequent fall in the number of printed circuit boards. As a result, the annual output per man/woman is still increasing by 10 per cent a year.

Put another way, the number of man/woman hours needed to make each telephone exchange is continuing to decline. The electro-mechanical exchange which AXE has replaced took 7½ hours of labour per line to manufacture and install. Early versions of AXE, still with electro-mechanical switches, took 5½ hours. Today, with an electronic (digital) switch, the figure is down to 4 hours, and by 1982 it is expected to fall another 25 per cent.

This, plus the fact that demand for traditional products is continuing to decline, can only mean that Ericsson's factory labour force will have to be cut back further, in spite of the manifold success of AXE in the marketplace. Some of the factories which have been spared from closure so far could be threatened, especially if Ericsson decides to follow the most clinically logical course of action, and load a few factories to capacity.

This is only one of the dilemmas which it, like other companies across the world, *will have to resolve* in the coming months and years if it is to continue to dominate its product markets. Such is the uncomfortable character of the electronic revolution in engineering—as managers, shop floor workers and their unions are beginning to discover.

BUSINESS PROBLEMS

BY OUR LEGAL STAFF

Company owns own shares

Company A is the main creditor of the bankruptcy of its former majority shareholder B, whose shares are now assets of his bankruptcy. The trustee in bankruptcy is considering distributing B's shares in Company A to B's creditors. If he does this Company A will receive a distribution of its own shares. I believe that I once heard that a Company could not hold its own shares but that it is possible for a trustee to hold its shares for its benefit. Does this provide a way?

Without application to the Court it would not be appropriate to distribute to the creditor company its own shares. They would have to be realised instead. This applies even if the medium of a nominee or trustee shareholding were employed.

No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries will be answered by post as soon as possible.

LOMBARD

Caring for the engineer

BY DAVID FISHLOCK

A COUPLE of voices which deserve to be heard clearly have been raised in warning about the health of engineering in Britain. They are the voices of men whose jobs—very different—give them excellent synoptic views of the patient.

Lord Kearton, chairman of the British National Oil Corporation, whose long career in British industry has mainly been at the innovative end of engineering, believes that the patient has been grievously neglected. Yet it seldom occurs to most people or to British governments that key reasons for Britain's failure in overseas markets may lie in acute shortages of design skills, craftsmanship, and good managers of engineering processes, he told the British Association for the Advancement of Science's annual conference in Edinburgh.

Necessary skills

Engineering in Britain is taken for granted by those who are not engineers. Boards of directors fail to check, before embarking on modernisation and expansion, that they have the necessary engineering skills to be certain of success.

From the same platform Mr. Bryan Hildrew, managing director of Lloyd's Register of Shipping, accused the British as individuals of no longer being prepared to accept responsibility for their workmanship. Britain's quality products were being pushed out of world markets by countries whose workers would accept responsibility for their own work, and whose companies were confident enough to submit their products to independent inspection and certification.

As Mr. Hildrew sees it as an assessor of engineering quality worldwide, Britain is losing out on no fewer than four counts. Too often it tries to foist what are claimed to be "equivalents" on a less sophisticated country which wants only the goods it originally specified. Also its competitors deliver on time and even before the time stipulated.

In the matter of quality, he says, British manufacturers are tending to reject independent inspection as unnecessary, whereas their main rivals accept that independent inspection works to their advantage.

The fourth count on which Britain loses out is when it gets into technical trouble. This, of course, is a commonplace side-effect of all innovative engineering, usually something to be treated with sympathy and understanding, not the uncaring scorn and derision so common in Britain.

Abroad it is normal for companies to be seen very clearly to be making every effort to solve the problem. British companies, in contrast, tend to treat trouble in great secrecy, so that the decisions taken are often not technical ones at all, but short-term economic decisions. When, however, the consequences come to light, those decisions are castigated as the incompetence of engineers.

Significantly, both of these voices were raised in praise of a sector of British engineering which has suffered its share of technical trouble. The activities of nuclear engineers—which along with those in aerospace and micro-electronics represent the frontiers of innovative engineering — are scrutinised publicly these days in a way no other sector of engineering suffers.

The industry in Britain labours under the obligation imposed by a former Cabinet minister, of having to report publicly even its most trivial accidents. Yet little credit is given in the "nuclear debate" to the high standards of safety engineering which are exercised in Britain, says Mr. Hildrew.

Mr. Hildrew warns of the dangers of heeding those who say that, since there is no question that a large proportion of Britain's business in heavy engineering has already been lost, it may as well opt out altogether, and concentrate on light engineering. Large-scale sources of energy are far too important.

Lord Kearton's remedy is engagingly simple. Engineering should take precedence over science for the next few decades. Engineers should be given the kind of encouragement British society has accorded scientists for many years now.

The question is whether enough people in key sectors—in government, in boardrooms, in trade unions, universities and research centres, for example—care enough about the welfare of this rickety patient. Corae to that, does the professional British engineer — apparently preoccupied with the issue of "status"—really care about the underlying disease?

When visions of the future beckon

GARDENS TODAY

BY ROBIN LANE FOX

THIS RECENT cold weather, I imagine, has closed the British gardening season for most of you. It soon becomes clear to me when gardeners' thoughts are turning to next year. Casual questions begin to turn up in the course of my conversation: whether silver poplars make a boundary hedge, what is the prickliest shrub rose, whether valerian is really so attractive to urban cats?

My heart-felt views, meanwhile, find a more attentive audience. The fatuity of economics, the rise of a Pacific civilisation, the scope for primary schools to teach compulsory Greek. Even the most practised financers will sit it all out at this time of year, poised for a quick-fire question of how to kill grass in raspberry canes, now that Casoron G is off the market.

Mistakes

If you are thinking of planting a new bed or garden, there are plenty of my mistakes which I can pass on to you. The biggest is one which at one point I allowed to be made on my behalf. Before you begin on a new site, there is often much advantage in shaping the ground into a coherent pattern or a gentle contour. You will have to hire a bulldozer for the purpose, but it is still very cheap for what it can achieve. But never allow the driver to move on to any new piece of the ground without you. He will almost always cut corners and start to push the topsoil around, finally burying it beneath the sub-soil somewhere else. Insist that the top layer of earth is piled up on one side before any shaping begins. However wet or sticky, only the sub soil must be forced into a new shape. Only then should topsoil be spread back on to it. How obvious, you all say, but it is far more easily said than enforced.

The far corner of my vegetable garden is a sad witness to time spent on the telephone, while it was meant to be shaped. Some of the richest topsoil in the country is down there somewhere, far below a coating of thick clay and rampant mares' tail, which kind readers tell me I can turn into soup. I have hopes, still, that one day I will go to pull rows of radishes and find one root which is several feet long and still growing, thankful to have struck black earth at such a depth. Shaping the ground, in short, can work wonders for you, but the job can never be left unattended.

Should you ask a landscape architect to attend to it for you? It helps if someone will draw a general plan, certainly, but, if they include a rockery with a fountain and know more about concrete than plants, you can be sure that they are no good. You must begin with a clear idea of what you want, if the relationship is ever to be a happy one.

I know gardeners who look out on superb designs of the 1960s, but feel at odds with them because they were all the work of an outside genius, planning to no brief. Some of the plants always die, and owners do not put in their own incongruous choices because they had no sympathy or understanding with what their designer saw in the site. The best landscaped gardens are visited regularly by their landscapers over the years, who can correct their small mistakes and replace the deaths. If you are hoping to take over and learn to love gardening from scratch, after the first plan is in place, do not take leave of the designer at once and trust to your new interest to see you through. It never will, and his plan will be spoiled, along with some expense.

Personally, of course, I would always rather make my own mistakes, especially with the planting. Almost all of us are as bad as each other. I have long sympathised with the man who told Capability Brown that he hoped he would die before him, and, when Brown asked him why, replied that he wanted to see heaven before Brown had improved its capabilities.

Most of us have to take the site much as we find it. The problems, then, begin with the spacing of trees and the larger shrubs. Almost every beginner spaces these far too closely. So do too many designers, fearing their owner's disappointment when nothing makes much progress for five years. After that, the mistake is fatal. Skimmias are cramped among magnolias. Orange blossoms collide with berberis and lilac. Do not try to be wiser than the widths and spread, which a good shrub catalogue will set out for you.

I give one example: the white-flowered spring cherries are rightly admired as trees for small avenues, but the best of them, Tai Haku, and the double avium, are very wide-spreading. You can allow 12 yards or so between the trees, if you are planting quite a close avenue. If you plant them nearer, you will probably find yourself pruning them back in mid-winter, a season when they ought never to be cut about, as the cuts then invite disease. Magnolias are another trap, very slow at first, vigorous when suited. Soft-wooded shrubs, like buddleia and spiraea, can always be planted in the intervals and removed later. But the serious hard-woods are immovable. Always obey a good nurseryman's advice when placing them. There is no better tip for a beginner.

In the gaps, meanwhile, you can plant plenty of the quick soft shrubs, the hebes, fuchsias, potentillas, and whatever else in that line you may like more than I do. They lead to my second iron rule: never plant a large area spottily with too many varieties of this and that. It is far better and easier to choose six things which you like, and grow plenty of them. They hold the plan together, and halve your labour. Rugosa roses senecio and ladies mantle are all invaluable filling, quite able to keep a large bed under control for you. But, if planted in ones and twos, they lose their impact.

The third rule has been forced on me by bitter experience. Do not be tempted by bargains. I can never resist them, alstroemeria by the hundredweight, cut-price hedging, and delphiniums in a job lot. They are all a waste of money. If you are starting out with shrubs, go to a big and famous nursery which is not part of a multiple chain. Buy its best stock after inspecting it, and be thankful that its price is not even higher. So, too, buy alpines only from specialists, preferably from those who grow them in something tougher than seedling compost for a quick turnover. I have come to think that only the rarest herbaceous plants can be bought blind by mail-order. One is lucky to find a piece at all.

Viewing

Size and quality of the rest vary hopelessly. You can lose three years, and half a clump by ordering a mass-produced iris from an iris-list which is tagged on to some other speciality, lawn-seed or bulbs. Try to see your plants and choose them off the nursery for yourself. Always look for good, strong roots and do not be too impressed by top growth. Plants are no longer cheap, but one well-rooted border-plant will soon give you a dozen divisions when it has settled in to your soil. Better to buy three good ones and be patient. Patience, then, is the advice which any beginner ought most to ponder. But it has long been the rarest plant in all our gardens.

Jane Austen pick at Pontefract

RACING

BY DARE WIGAN

THERE is only one meeting today on the flat, at Pontefract, where the programme has transferred from Beverley.

Owners and trainers will no doubt be glad, however, of the chance to gain prizes with their moderate horses, and William Hastings-Bass, for one, has sent up a strong squad from Newmarket, including his own Sky Rider, a gelding by Queen's Hussar, in the Burton Agnes Stakes (2.15) for three-year-old maidens at starting, run over 1½ miles. Sky Rider is consistent and the form book suggests that the distance will suit him.

Later in the afternoon Hastings-Bass runs Wise Man in the Weel Handicap (4.45). Wise Man, like Sky Rider, is a gelding by Frankincense. Moreover, he ran well when finishing close-up third in a valuable "seller" at the Doncaster St. Leger meeting. True, he has plenty of weight for a three-year-old, but the form of the older horses is unexceptional and I shall be surprised if he does not go close to win.

For the best bet of the day, I turn to Jane Austen in the Willerby Maiden Fillies Stakes (3.45). This filly, by Arts and Letters whom Ian Balding trains for Mr. Paul Mellon, was runner-up to Kashmir Lass at Brighton, last month, over seven furlongs, when she finished just ahead of Farandella. Farandella had no difficulty in defeating 18 others at Leicester on Monday. Moreover, judging by the way Jane Austen was running at Brighton the additional furlong will present no problem.

Gypsy Dancer will win the Raffingora Sprint Stakes (3.15) if he shows the same form displayed when third behind Vaigly Great and Bold Boy in the Ladbroke Abernant Stakes at the Newmarket Craven meeting, and again, when carrying 9 st 11 lbs he failed by only a short head to concede 21 lbs to Soul Singer in the valuable Tote Trophy, at Ayr on July 21.

PONTEFRACT
2.15—Sky Rider
3.15—Gypsy Dancer**
3.45—Jane Austen***
4.15—English Export
4.45—*Wise Man**
5.15—Tina's Gold

Guernsey post rates increase

GUERNSEY will increase its minimum postage rate from 6p to 7p on February 5 for letters delivered within the island and from 8p to 10p elsewhere within the British Isles.

Mr. John de Putron, president of Guernsey Post Office Board, said yesterday that rising fuel and freight costs have resulted in a "sizeable deficit" this year on local postal operations.

† Indicates programme in black and white

BBC 1

6.40-7.55 am Open University. 9.05 For Schools, Colleges. 11.25 You And Me. 11.40 For Schools, Colleges. 12.45 pm News. 1.00 Pebble Mill At One. 1.45 Barnaby. 2.01 For Schools, Colleges. 3.53 Regional News for England (except London). 3.55 Play School (as BBC-2 11.00 am). 4.20 Hong Kong Phooey. 4.40 Think Of A Number. 5.00 John Craven's Newsround. 5.10 My Dear Uncle Sherlock. 5.35 Noah and Nelly.

5.40 News.
5.55 Nationwide (London and South-East only).
6.20 Nationwide.
6.45 Angels.
7.10 Star Trek
8.00 Mastermind.
8.30 Rings On Their Fingers.
9.00 Party Political Broadcast by the Conservative Party.
9.10 News.
9.35 Sportsnight.
10.45 Parkinson.
11.45 News Headlines/Regional News

All Regions as BBC-1 except at the following times:—

Scotland—5.55-6.20 pm Reporting Scotland. 9.00-9.10 Party Political Broadcast by the Conservative Party in Scotland. 9.35-10.45 Sportscene. 11.45 News and Weather for Scotland.

Wales — 11.02-11.22 am I Ysgolion. 5.10-5.35 pm Bilidowcar. 5.55-6.20 Wales Today. 6.45 Heddiw. 7.05 Pawb Yn Ei Fro. 7.35-8.00 Angels. 11.45 News Headlines. 11.52 Rugby Union: Pontypridd v. Romania (highlights). 12.22 am News and Weather for Wales.

Northern Ireland—3.53-3.55 pm Northern Ireland News. 5.55-6.20 Scene Around Six. 11.45 News and Weather for Northern Ireland.

England—5.55-6.20 pm Look East (Norwich); Look North (Leeds, Manchester, Newcastle); Midlands Today (Birmingham); Points West (Bristol); South Today (Southampton); Spotlight South-West (Plymouth).

BBC 2

6.40-7.30 am Open University.
9.00 Gharbar.
9.25 Liberal Party Assembly
11.00 Play School.
11.25 Liberal Party Assembly (further coverage, except 12.30-2.00 pm Closedown)
4.50 Open University.
6.55 The Old Grey Whistle Test.
7.30 Mid-evening News.
7.40 The Book Programme.
8.10 The Waterloo Crown Green Bowling Handicap.
9.00 *Party Political Broadcast*
9.10 My Music.
9.35 M*A*S*H.
10.00 The Camerons.
10.50 Late News on 2.
11.15 Profile of Robert Mugabe
12.10 am Closedown reading

BBC-2 Scotland only—9.00-9.10 pm Party Political Broadcast by the Conservative Party in Scotland

CHANNEL

Channel is the only IBA company transmitting programmes during the present industrial dispute. Details of this local service are given below.

1.20-1.30 pm Channel Lunchtime News and What's On Where. 5.05 Kum Kum. 5.30 Woobinda. 6.00 Report at Six Extra. 7.00 Big Valley. 7.55 Target The Impossible. 8.25 Feature Film: "The Great Houdini." 10.05 Channel News Headlines and Weather. 10.10 Mannix. 11.05 Epilogue and News in French, etc.

Radio Wavelengths

1 1053kHz/285m 1089kHz/275m	3 1215kHz/247m & 90-92.5vhf stereo	BBC Radio London: 1458kHz, 206m & 94.9vhf
2 693kHz/433m 909kHz/330m & 88-91vhf stereo	4 200kHz/1500m & 92-95vhf	Capital Radio: 1548kHz, 194m & 95.8vhf
		London Broadcasting: 1151kHz, 261m & 97.3vhf

RADIO 1

(S) Stereophonic broadcast
‡ Medium wave

5.00 am As Radio 2. 6.00 Dave Lee Travis. 9.00 Simon Bates. 11.31 Paul Burnett. 2.00 pm Andy Peebles. 4.31 Kid Jensen. 7.00 Radio 1 Mailbag. 8.00 Mike Read. 9.50 Newsbeat. 10.00 John Peel (S). 12.00-5.00 am As Radio 2.

RADIO 2

5.00 am News Summary. 5.03 Tony Brandon (S). 7.32 Terry Wogan (S). 10.03 Jimmy Young (S). 12.15 pm Waggoners' Walk. 12.30 Pete Murray's Open House (S). 2.15 David Hamilton (S). 4.15 Much More Music (S). 5.00 News. 5.05 Waggoners' Walk. 5.20 John Dunn (S). 6.45 Sports Desk. 7.02 The Organist Entertains (S). 7.30 Listen to the Band (S). 8.15 The Magic of the Musicals (S). 9.02 Green on ... Warren: Benny Green talks about Harry Warren (S). 9.55 Sports Desk. 10.02 The News Huddlines, with Roy Hudd. 10.30 Hubert Gregg says Thanks for the Memory. 11.02 Brian Matthew with Round Midnight, including 12.00 News. 2.02-5.00 am You and the Night and the Music, with Richard Clegg (S).

RADIO 3

†6.55 am Weather. 7.00 News. 7.05 Your Midweek Choice: Record requests, part 1 (S). 8.00 News. 8.05 Records, part 2. 9.00 News. 9.05 This Week's Composer: Rubbra (S). 10.00 Music for Organ (S). 10.40 Janet Baker recital (S). 11.15 The Brandenburg Concertos, part 1 (S). 12.05 pm In Short. 12.15 The Brandenburg Concertos, part 2 (S). 1.00 News. 1.05 Concert Hall (S). 2.00 Music Weekly (S). 2.50 Fifty Years of British Music (S). 4.10 Haydn and Schubert piano recital (S). 5.10 Young Music-Makers (S). 5.25 Homeward Bound (S) including 5.45-5.50 News (S and mono only from 5.45). †6.15 At Home. 7.10 Boston Symphony Orchestra, part 1: Sibelius (S). 7.45 Six Continents. 8.00 Boston Symphony Orchestra, part 2: Walton (S). 8.50 Renaissance Chansons and Dances (S). 9.30 The Living Poet (Christopher Middleton). 10.00 Malvern Festival 1979: Violin and piano recital, part 1: Elgar (S). 10.35 Interval Reading. 10.40 Recital, part 2: Beethoven. 11.15 Two English Serenades by Britten, Vaughan Williams. 11.55-12.00 News.

VHF Only—6.00-7.00 am and 5.45-7.10 pm Open University.

RADIO 4

6.0 am News Briefing. 6.10 Farming Today. 6.25 Shipping forecast. 6.30 Today, including 6.45 Prayer for the Day. 7.0, 8.00 Today's News. 7.30, 8.30 News headlines. 7.45 Thought for the Day. 8.45 Diary of a Somebody. 9.00 News. 9.05 Gardeners' Question Time. 9.35 Nation at Work: What Sort of Winter? 10.00 News. 10.05 The Living World. 10.30 Daily Service. 10.45 Morning Story. 11.00 The Magic of Music. 11.45 Listen with Mother. 12.00 News. 12.02 pm You and Yours. 12.27 The Small, Intricate Life of Gerald C. Potter. 12.55 Weather; programme news. 1.00 The World at One. 1.35 Party Political Broadcast by the Conservative Party. 1.40 The Archers. 1.55 Shipping forecast. 2.00 News. 2.02 Woman's Hour. 3.00 News. 3.05 Afternoon Theatre (S). 3.50 Choral Evensong (S). 4.35 Story Time. 5.00 PM: News magazine. 5.50 Shipping forecast. 5.55 Weather; programme news. 6.00 News. 6.30 My Word! (S). 7.00 News. 7.05 The Archers. 7.20 Checkpoint. 7.45 Albeniz: A Musical Journey. 8.45 File on 4 in Cuba. 9.30 Kaleidoscope. 9.59 Weather. 10.00 The World Tonight. 10.30 Transatlantic Quiz. 11.00 A Book at Bedtime. 11.15 The Financial World Tonight. 11.30 Unforgettables. 12.00 News.

BBC Radio London

5.00 am As Radio 2. 6.30 Rush Hour. 10.03 The Robbie Vincent Telephone Programme. 1.03 pm London Live. 3.03 Paul Owens' Showcase. 4.30 London News Desk. 5.35 Look, Stop, Listen. 7.03 Black Londoners. 8.00 Turn Up The Volume: Julius Caesar. 9.00-5.00 am Join Radio 2.

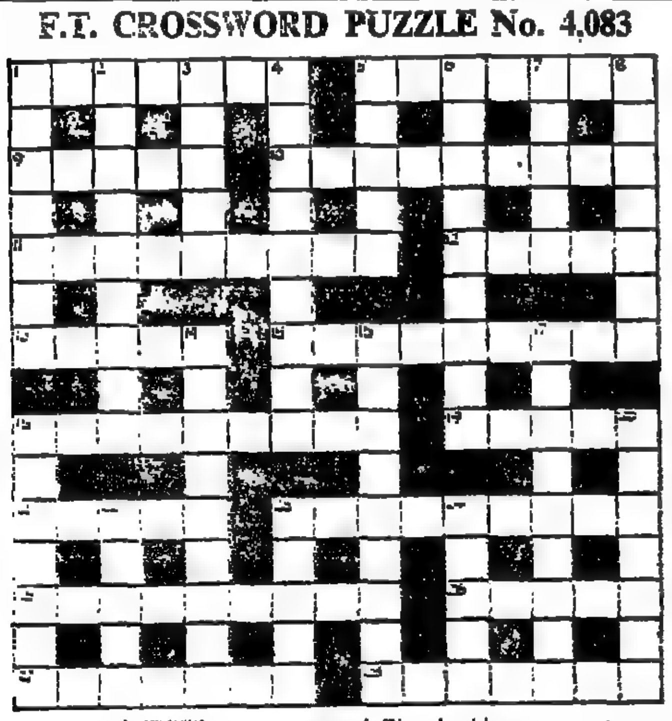
London Broadcasting

6.00 AM with Bob Holness and Doug Cameron. 10.00 The Brian Hayes Show. 1.00 pm LBC Reports with Max Miller Alan Clark. 3.00 George Gale's 3 O'Clock Call. 4.00 LBC Reports with Sue Jameson and Alan Clark. 8.00 Jazz After Eight. 9.00 Nightline with Jenny Lacey. 12.00 LBC Reports Midnight. 1.00 am Night Extra with Tara Jefferies. 4.00 Jazz in Stereo. 5.00 Morning Music.

Capital Radio

6.00 am Breakfast Show with Mike Smith (S). 9.00 Michael Aspel (S). 12.00 Dave Cash (S). 3.00 pm Roger Scott (S). 7.00 London Today (S). 7.30 Open Line with Ric Davis (S). 9.00 Nicky Horne's Your Mother Wouldn't Like It (S). 11.00 Tony Myatt's Late Show (S). 2.00 am Duncan Johnson's Night Flight (S).

F.T. CROSSWORD PUZZLE No. 4,083



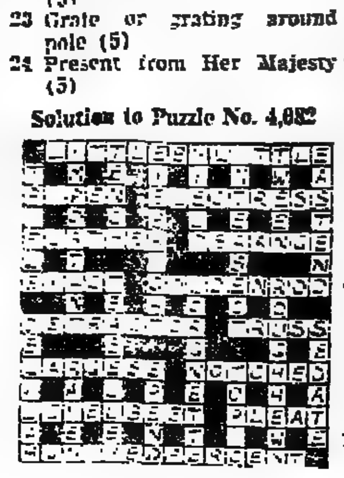
ACROSS

1 Fall with rotter in case (7)
5 Live spell in entrance (7)
9 Pungent arm in to expel (5)
10 Furniture producer underwent an examination in umber (9)
11 [illegible] (5-4)
12 Note often supplied by doctors (5)
13 Sleeping-place for Pole in part of plant (5)
15 [illegible] cowardly (9)
18 Orchestral transcript one must get on to be fashionable (9)
19 Large bird bringing pleasure to those well under par (5)
21 Dismay a quiet friend (5)
23 [illegible] in front of fish-eating carnivore and strangler (9)
25 Flower given in motor race (9)
26 Faculty for nosing out what's left in trade show (5)
27 Soprano started dancing and made three times as much (7)
28 Dignity of nobleman upset in mad role (7)

DOWN

1 Room to provide correct surface on road around top of hill (7)
2 Fasten prison officer on treeless upland (5-4)
3 Clerc in drink is muddled (5)
4 Placid midshipman gets moving (4-5)
5 Blunted as breath may be (5)
6 Policeman studies board (9)
7 A company taking sailors fruit from a tree (5)
8 Wrongly claimed it could be a physical examination (7)
14 Pull along the Spanish bird to give support for driers (5-4)
16 Type of weather-forecast incorporating extended stretch of open country (4-5)
17 Accurate worker could be [illegible] (5-4)
18 Panda is to tolerate the whip (4-3)
20 Partly overheard rumour—using this? (7)
22 Unadulterated eastern soup (5)
23 Grate or grating around pole (5)
24 Present from Her Majesty (5)

Solution to Puzzle No. 4,082



EUROBONDS

The Association of International Bond Dealers Quotations and Yields appears monthly in the Financial Times.

It will be published in an eight-page format on the following dates in the remainder of 1979:

October 15
November 12
December 10

There is a limited amount of advertising space available each month; if your company is interested in taking advantage of this offer please contact:

The Financial Advertisement Department on 01-248 8000 Ext. 424 or 389

Cinemas are continued on Page 1[illegible]

هكذا من الأصل

هكذا من الأجل

THE ARTS

Television/Prix Italia

Familiarity breeds boredom

by CHRIS DUNKLEY

One of the most striking things about international travel today is not the differences between countries but the similarities. If you do enough journeys in quick succession it is possible to find yourself driving down an airport exit road passing Esso and Texaco stations, international road signs, and Dunlop hoardings, with Renaults and Mercedes on either side of you, and to realise that you have forgotten not only which country you are in but which continent.

The same trend towards similarities stretching across international boundaries is becoming increasingly noticeable in television so that programmes entered for international festivals and competitions begin to look more and more alike. As with travel, the similarities tend to be in those aspects which are soonest noticed, and a more careful look shows that beneath the surface there are sometimes political and social differences as profound as ever there were. But because it is so concerned with appearances, television's superficial similarities are more significant than those seen on airport exit roads.

The 31st annual Prix Italia, held during the last fortnight in Lecce, capital of the province of Salento deep down in the heel of the boot of Italy, has shown that there are certainly unmistakable similarities even in subject matter.

The Hungarian play *Naked* was set partly in a brothel and featured a prostitute as one of several women peopling the life of an irritating womaniser. Shown later on the same day, a delicate and plaintive Japanese music programme called *The Drifting Reed* concerned attempts by an old woman and a young boy to tempt the boy's father out of a waterside bordello. ITV's drama entry, *Dummy*, produced and directed for Britain's ATV by Franc Roddam, told the true and agonising story of a deaf and dumb Bradford girl whose husband turned her into a prostitute.

Amaghi, a superbly well produced and magnificently acted Japanese play, was a murder story showing in flashback how a young boy killed a wandering labourer because the man slept with a beautiful runaway prostitute with whom the boy had fallen in love. And the Irish documentary entry, *New York's Finest*, included not only scenes of ordinary prostitutes being arrested by the American police, but an extraordinary fly-on-the-wall (actually fly-in-the-squad-car) sequence of transvestite male prostitutes operating in New York.

For television the last 12 months seem to have been The Year of The Whore.

It could of course be argued that it was not so very astonishing to find five programmes in which prostitutes featured centrally since 65 programmes were competing in the festival. Furthermore the treatment of this one subject varied quite widely. Where *Dummy* was so brutally realistic that it was often difficult to remember that Geraldine James is an actress and not actually deaf and dumb, *The Drifting Reed* was full of beautiful visual effects, frequently involving light on water and exploiting sharp black and white contrasts within a colour programme, in a manner reminiscent of traditional Japanese water-colours and woodcuts.

Stylistically they were about as far apart as any two programmes in the festival, and it is pleasing to be able to report that each won the special secondary RAI prize in its category. (*Dummy won* Britain's only prize this year, the first year for a long time that neither the BBC nor any of the ITV companies have won any of the three premier awards at this, the most important of the world's programme contests.)

What is more the real differences between nations, and particularly between eastern and western bloc countries, did sometimes emerge very clearly from the programmes, occasionally in a way that looked almost like caricature.

In the documentary section, for example, the East German entry was a half-hour travelogue about Berlin, looking like a product of the state tourist board, complete with dutiful references to the 15-year plan and workers' flats. It achieved quite ludicrous effects in its determination to avoid any reference—verbal or visual—to the embarrassingly large wall which is necessary to prevent the oh so happy East Berliners from escaping and becoming decadent West Berliners. Thus for the changing of the guard at the Brandenburg Gate the camera had to keep tilting skywards at awkward moments, and although the script claimed that from the Post Office Tower all of Berlin could be seen, the wall was again noticeable for being always just out of shot.

In vivid contrast, the American documentary, *The Killing Ground*, was an object lesson in open government and a free Press: ABC's reporters used the Freedom of Information provisions to obtain documents with which they faced not only chemical and drug companies but also local government officials to accuse them of failing in their duty to protect the public from toxic waste.

Moreover, looking at another category, drama, you will find that all but one of the entries from the Eastern bloc countries were set safely in the past. Russia's film, *French Lessons*, was actually not about the week's favourite topic but about the festival's second obsession: young boys, in this case a poor country boy going to school in the town in the period between the wars. East Germany's *Marriage in Weltzow* was a comedy (a rare phenomenon at such festivals) about scheming women attempting to trap an ex-PoW into marriage. Poland's *A Night in November* was Wajda's television version of his own theatrical account of the 1830 Warsaw uprising. And Czechoslovakia's *The Golden Eels* featured yet another little boy, this one learning about fishing and life before and during the Second World War. Only Hungary's *Naked* had a contemporary setting, and that avoided any tough social or political problems.

The dramas from the West, on the other hand, concentrated on just such tough problems, as we have come to expect during the past decade. In the French *Selim's Voyage* it was the immigrant question; in Denmark's *Else Kant* it was feminism and the treatment of mental illness; in Canada's *Every Person Is Guilty* it was the Official Secrets

So there are, clearly, profound differences to be detected. But that is not to say that the similarities are not also clear: they are, and with increasing numbers of programmes being sold internationally, and growing numbers of producers studying each other's work at the ever expanding number of international TV Fairs, festivals and contests it seems inevitable that even if permitted subject matter remains different, styles and techniques will become more and not less alike.

Indeed the process is already well under way. Among the 22 drama entries at Lecce only one looked exceptional in style: an episode from a Japanese series called *Monkey* which, like *The Water Margin*, uses electronic effects and benefits from a crazy English script all dubbed in "Ah, so" accents and containing such wonderful lines as "I'm clever, good looking and home loving; I was a water monster but I gave all that up!"

Every other drama was naturalistic and most were shot on film. The Czechoslovak *Golden Eels* was the most polished and prettiest of all the films and understandably enough won the main drama award worth SwFr18,000. So far as the art of the film is concerned, it could have been made ten years before *Gone With The Wind* and it is only very mildly distressing to think that its success will encourage even more attempts at similarly familiar if highly polished and professional work.

At least its choice made more sense than that made by the documentary jurors who actually reported that Yorkshire Television's entry *The Secret Hospital* and ABC's *The Killing Ground* were "too perfect." They decided instead to give their award to a programme made by a women's group, using very shakily hand-held cameras to produce a monochrome tape account of Italy's notorious multiple rape case last year. This programme called *Trial For Rape* they felt was "refreshing," and proved that using such basic equipment "any small organisation" could emulate them.

Though it may be tactless to carp when the host country wins one of its own famous awards, this does appear to be an inversion of the festival principle of rewarding excellence. But the choice clearly seems to have been inspired by over familiarity with the look of professional expertise—in fact the very similarity of television style which is spreading across international boundaries like Esso signs.

Janet Sudgen, Geraldine James and Manda Naylor who play Sandra at different ages in 'Dummy,' the only prizewinning British entry in in this year's Prix Italia

Recklinghausen Theatre

The Haunted Manor

by ELIZABETH FORBES

Two brothers, sprigs of the nobility and newly discharged from the army, who vow never to exchange their freedom for the chains of matrimony; a matchmaking widowed aunt with unacceptable marriage plans for her nephews; two sisters who impersonate their family ghosts in order to teach the young men a lesson for the presumption of their vow—the plot of Stanislaw Moniuszko's opera *Straszny dwór* (in German *Das Gespensterschloss* and in English *The Haunted Manor*) could be that of a lost Gilbert and Sullivan masterpiece, a mixture of *The Gondoliers* and *Ruddigore*. But Moniuszko is revered as the father of Polish National opera and *The Haunted Manor*, first produced at Warsaw in 1865, is to Poland what *The Bartered Bride* is to Bohemia.

The score, fluently tuneful, with mazurka and other Polish rhythms lending it character, is full of attractive ensembles: the charming scene where the girls tell their fortunes by dropping hot wax into cold water; the splendid finale to the second act; and a quartet for the two brothers and the two sisters (the latter in the guise of family portraits) are among the best. The Hagen City Opera production, which I saw in the Recklinghausen theatre, directed by Michael Temme and designed by Floriana Tudor-Baclu, makes good use of the folk element, especially in the sub-plot which deals with the machinations of Damazy, an elderly courtier who fancies one of the sisters himself.

Rudolf Hillebrand and Reinhard Leisenhoimer

Ligia Grosu sings Hanna, the soprano sister, with accuracy in the coloratura passages but little warmth of tone. Mary Henderson, young American mezzo, infuses far more colour into her delightful portrait of Jadwiga, the other sister. Similarly Ronald Pries, a light, lyric tenor, is over-parted by the role of Stefan, the elder brother, while the sturdy baritone of Hans Joachim Porcher is just right for Zbigniew, the younger of the two. Danielle Grima makes a brisk and energetic Aunt Czesnikowa (mezzo); though her matrimonial plans for her nephews come to nothing, she herself finds a new husband in the fop Damazy, a high tenor character role well sung and amusingly played by Reinhard Leisenheimer.

Horst Fiehl displays a fine baritone as Matthias, the brothers' faithful servant, who is terrified of ghosts, while Rudolf Hillebrand makes a dignified Marshall, father of the girls and owner of the Haunted Manor. To him is assigned the one overtly patriotic aria in the opera. The conductor, Yoram David, could give the dance rhythms an even crisper definition, but he obtains good ensemble and enthusiastic response from the Hagen City Opera Chorus and Orchestra.

From the genuine Poland of the early nineteenth century to an imaginary Cracow in the early eighteenth: Carl Millöcker's operetta, *Der Bettelstudent*, despite its mazurkas, remains obstinately and gloriously Viennese. The original text, by Scribe, from which Zell and Genée drew their libretto, was set not in Saxon-occupied Poland, but Spanish-occupied Portugal! Rolf Lansky's production at the City Opera, Aachen, with colourful sets (Matthias Stevens) and costumes (Renate Schmock), provides an excellent background for some lusty singing, especially from Willy Schell, who plays Symon, the Beggar Student disguised as a millionaire prince. His aria, "Ich hab' kein Geld"—a favourite encore piece of Jussi Björling's—is stylishly given. Another fine performance is that of Reiner Suchsdorf as Colonel Ollendorf, the Saxon garrison commander, while Peter Sauerwein conducts energetically.

Four Edinburgh 'Fringe' hits come to the West End

Brian Rix is to bring the four most successful shows, in terms of box office success and critical acclaim, from this year's Edinburgh Festival Fringe to the Shaftesbury Theatre, London, for a limited season starting on October 1.

The package is called *Lunatic Fringe* and the four shows will play in repertory. They are *The Coarse Acting Show*, based on Michael Green's book *The Art of Coarse Acting*, and performed by members of the Questors Theatre, Ealing; the live show of the group Instant Sunshine, whose original songs are familiar to Radio 4 listeners; The Cambridge Revue, and finally *Tin Pan Ali* (or The Sesame Street Racket), a big band jazz musical set in 1930's Chicago, based on the Ali Baba story, and presented by Edinburgh's most unusual group ever—the average age of the cast is only 13!

All seats at the Shaftesbury are £2.50 on an unreserved first-come, first-served basis. The show begins each night at 8 pm.

Festival Hall

ECO/Perahia

by DOMINIC GILL

The English Chamber Orchestra made a decent but faintly slumbrous start to their all-Mozart programme on Monday evening — ensembles without a conductor are often slower to warm than those with a baton to urge them. The Linz symphony, directed from the leader's desk by José-Luis Garcia, was solid and well mannered enough, but without remarkable feature—excepting only a number of splendid individual instrumental contributions which shone, with customary ECO brilliance, through the texture.

Even in the finale of the Linz, the spirit had not completely surfaced—though it was rising fast. *But in the two piano* concertos which followed, directed by Murray Perahia from the keyboard, it emerged unhesitating. As his overture to the great C minor concerto K491, Perahia offered us a rare glimpse of the first of the three Salzburg concertos of 1776, K238 in B flat—and rarefied too, for he was that night on his firmest, commanding form, clear and cool in the lovely andante, delicately expressive in the Rondeau, without a trace of swagger or side or the sweet smudge that has in the past occasionally marred his Mozart.

K491 was a delight. Perahia found serenity in the first movement's C minor turbulence—though his cadenza was tough, full of scudding clouds. It was a fine refreshment to hear the larghetto paced and shaped with such naturalness, without a single self-conscious or faux-naif emphasis. In the finale, a glittering edge to the piano tone (at just the right, almost-stately allegretto) kept the momentum knife-sharp. This was the last of Perahia's appearances for a while with the ECO: we shall welcome him back.

'Book of the Season' launching

On October 29 the Booksellers Association Service House (BASH) will launch the first "Book of the Season"—a scheme designed to boost book sales and bring more customers into bookshops. It is said to represent a new concept in co-operative promotion, unprecedented in Britain's book trade, with a panel of leading booksellers and publishers selecting a major new book with bestseller potential to be offered to the public at a special introductory price. BASH will back the "Book of the Season" with countrywide radio and Press advertising, and full-colour bookshop display material.

The first book chosen for this scheme is Wynford Vaughan-Thomas' *The Countryside Companion*, published jointly by Hutchinson and Webb Bower.

Warehouse

Men's Beano

A day trip from London to Brighton, July 14, 1979, says the programme, and Nigel Baldwin has shown us this and no more. He is a very clever writer, he has a beautiful company of the RSC's younger players, and they are ably directed by Bill Alexander. The characters are vividly and variously shown, and there is incident enough to hold the attention taut for the hour and three-quarters' duration.

But this is not my idea of a play. Mr. Baldwin has already shown us his ability to imitate the speech-patterns and behaviour of his fellow-men, and there is nothing more socially significant in his choosing his models from the foul-mouthed drunks on a pub outing than from the members of White's or the Athenaeum. *Men's Beano* is just a bit of video, a record of what he has seen and heard around him. For those who want to know in more detail what these things are, they include a lot of drinking, a lot of sexual hunting and occasional ventures into the barren lives of the middle-aged.

With respect, I don't think the RSC is doing its job by filling the Warehouse with trivia of this kind. It's not enough to use a studio theatre simply to exhibit exercises—for that is what *Mean's Beano* is, admirably as it is contrived. Somewhere, it seems to me, there should be a commanding intellect to lead these clever young writers into more fully creative paths, instead of flattering them by displaying their juvenilia as if they were masterpieces, and I use that word in its proper, seldom-appreciated meaning.

Some smashing playing, at any rate, from Anthony Higgins, Bill Buffery, Cheryl Hall, Joseph Greig and the rest.

B. A. YOUNG

Bishopsgate Hall

Imai/Schiff

Those of us with memories that go back to the time of the first performance of Walton's Viola Concerto recall the viola's gradual emergence from the shadows where for long it had lurked, like the counter-tenor, doing honourable but inconspicuous duty in the middle of the musical pudding. Now Cinderalla has become a big girl and put on weight, as one was reminded by yesterday's lunchtime recital given for the City Music Society by Nobuko Imai with Andras Schiff at the piano.

Miss Imai is a powerful player. I missed the first two movements of her Bach Sonata (for gamba, BWV1029) but was almost knocked down by the amount of tone she was producing in the finale. In Schumann's Marchenbilder she was still too much for her extremely delicate, subtle pianist. Something more like equilibrium came with the slow final movement, an elegy with a gorgeous, Brahmsian tune. Here Miss Imai was content to sing softly and Mr. Schiff could be heard to advantage.

I must declare a blind spot for the interminable babblings of Schubert's Arpeggione Sonata (fun perhaps to play, not to listen to in a bleak lunch hour). Now the viola not only sang softly but shaded with more variety (the actual quality of Miss Imai's tone was splendid throughout) and the piano did what could be done with the maidenly ardours of the keyboard part. Unichivalrously, one hankered after a solo work.

RONALD CRICHTON

WNO to open in London

Welsh National Opera's first London season for more than 14 years will feature five operas in five nights at the Dominion Theatre, Tottenham Court Road.

The season, the first of five annual opera festivals sponsored by Amoco, will represent a cross-section of the company's repertory.

It opens on December 11 with Janacek's *The Makropoulos Case* with Elisabeth Söderström as Emilia Marty. David Pountney's widely-acclaimed production was first seen a year ago and has been televised on BBC2.

This will be followed by *The Magic Flute*, directed by Göran Järvefelt

On Thursday, December 13, there will be a gala performance of Verdi's *Ernani*, attended by the Duke of Kent to inaugurate the Welsh National Opera Benevolent Fund.

Joachim Herz's production of *Madam Butterfly* on Friday, December 14, will in effect be a London premiere, being based on the original 1904 version of the score and with several cuts restored. The production is sponsored by National Westminster Bank.

The final performance of the season will be *Tristan und Isolde* conducted by Reginald Goodall.

JOHN FALDING

FINANCIAL TIMES

BRACKEN HOUSE, CANNON STREET, LONDON EC4P 4BY

Telegrams: Finantimo, London PS4. Telex: 8954871, 883897

Telephone: 01-248 8000

Wednesday September 26 1979

Moderation is the motto

HAWKS on both sides of industry may be disappointed by the Government's latest batch of discussion papers on labour law. The Government has chosen a path of moderation which is unlikely to satisfy either union militants or die-hard employers, itching for a fight over issues of principles. Mr. James Prior, the Employment Secretary, is steering a pragmatic course, without neglecting the election manifesto and the Government's constituency of small businessmen.

Industrial relations

The Employment Protection Act, the role of the Advisory, Conciliation and Arbitration Service (Acas) in union recognition disputes; and the effect of Fair Wages Resolutions and associated legislation which guarantee workers a minimum "going rate" for their region and industry are an important part of the structure of industrial relations in Britain. Indeed for the majority of trades unionists, who dislike industrial action, issues such as unfair dismissal and union recognition are far more important than the laws on secondary picketing. Mr. Prior's decision to preserve and consolidate most of the laws on these subjects should go some way towards persuading moderate trades union members that the Government is not opposed to trades unionism in principle.

Small businessmen have argued that the Employment Protection Act, in particular, imposes heavy costs on firms without specialist personnel departments and undermines the personal trust on which small firms often thrive. Specifically, the provisions on unfair dismissals act as a deterrent to firms which want to take on labour.

Illogical & arbitrary

The Government has concluded, however, that it would be wrong to create "a second tier of employees who have less protection, especially since protection is no less necessary in small firms than in large." A two-tier system would indeed be illogical and arbitrary. The longer that employment protection in large firms continued the more an exemption for small firms would come to be regarded by their employees as an unwarranted denial of something that society had accepted as a basic legal right.

Instead of a blanket exemption for small firms, the Government is proposing a much more limited measure—a temporary relief, for their first two years of existence, for new firms with fewer than 20 employees. This compromise will still produce anomalies, but it is the smallest step the Government could have taken to fulfil its election pledge to give specific help to entrepreneurs discouraged by the EPA. In fact the Order which Parliament approved before the recess, extending the period of qualification for unfair dismissal complaints and the changes in the way that industrial tribunals operate, will do a great deal to help all employers, including small firms.

The discussion papers on union recognition and the role of ACAS and on certain laws relating to fair wages are even more undogmatic. In fact on the most controversial question, the role of ACAS in helping to settle union recognition disputes, the Government seems to have a genuinely open mind at the moment. That changes in the law are needed is suggested both by bitter experience of notorious cases such as Grunwick by the ACAS Council itself. The trouble with the present law is that ACAS has a duty to intervene in a recognition dispute, but has no powers to force employers and unions either to co-operate with it or to comply with its recommendations. Thus, as in the Grunwick and Michelin cases, its intervention can aggravate a dispute and also bring ACAS itself into disrepute.

Equal recourse

In a totally rational system of industrial relations, there might well be a case for bringing the law into recognition disputes. If unions and employers failed to agree, a body such as ACAS could establish the views of the workforce and then determine whether a union should be recognised, on the basis of clear statutory criteria.

A law like this would only be acceptable if both sides had equal recourse to ACAS and if the unions accepted its decisions as binding. Traditionally Britain's unions have been implacably opposed to any such statutory interventions into their activities, which is why ACAS now has such a peculiar mixture of responsibilities and rights. If the unions are unwilling to accept a bigger role for the law in industrial relations, they will have to forego the leverage that ACAS has given them in recognition disputes.

Madrid's EEC entry bid

JUST OVER two years after Spain applied to join the EEC serious entry negotiations have finally begun. Neither party is under any illusion about the difficulties that lie ahead. The implications and problems of absorbing Greece and Portugal into the existing Community of Nine pale in comparison with those created by Spanish entry. *The difficulties are not just* economic. The continuing threat of political instability in Spain was again underlined yesterday by Prime Minister Adolfo Suarez's decision to call off a trip to America because of internal disruption.

Greek case

In the Greek case, the negotiations ultimately passed off smoothly not because all the Nine like the idea of admitting another Mediterranean producer, but because the scale of the Greek economy is small. The same consideration will apply to Portugal. Spain, on the other hand, claims to be the Western world's tenth industrial power, has a substantial population, and is a formidable farm producer, posing great problems if the Community Common Agricultural Policy is left unchanged. Furthermore, Spain has an important labour surplus with a tradition of emigration which threatens to test EEC rules governing the free movement of labour. Spain for its part faces huge problems of adjustment. In a relatively short space of time it must dismantle a rigid, protectionist economic structure while key sectors of its industry are in difficulties.

The Community's interest is to cushion its own Mediterranean agriculture and hold off early implementation of the free movement of labour, while at the same calling for an early reduction in Spanish industrial tariffs and import quotas. These interests however are directly contrary to those of Spain. The Community complains, with some justification, that Spain has been slow to implement its 1970 free trade agreement, and is wary of Spain's ability to do what it says it can.

The two sides therefore have started off far apart and neither is quite sure of the sincerity of the other. The principal element in this is a scarcely concealed French hostility to quick negotiations. France has important domestic political considerations. In 1981 a presidential election is due and it is most unlikely that any politician will risk upsetting the volatile southern French agricultural lobby.

But such spinning out of negotiations is bound to be taken badly by the Spanish and could encourage the emergence of an anti-EEC lobby that fed on practical and nationalistic objections. It is then not wholly inconceivable that Spain could drop its membership bid altogether, seeking instead an intermediary role between Europe, Latin America and the Arab world—a move already begun.

The Community has some responsibility to prevent this. The Nine have accepted and endorsed Spanish entry—in an overtly political gesture to ensure the emergence of democracy in Spain and prevent political instability. Now that Spain has begun to acquire democratic institutions the Community appears to be losing sight of its original reason for accepting Spain. The Community must realise and accept the full consequences if it goes back on this.

Alliances

Spain for its part must convince its European partners not merely of its desire to join but also of its commitment to implement the practical obligations of membership. Spain has every right at this stage to test other potential long-term alliances, for instance with Latin America and the Arab World. But the way the Spanish Government is currently pursuing those other options suggests a certain lack of consistency. Nor are the motives behind Spain's apparent search for a Third World role at all clear. In becoming too absorbed in a far-flung foreign policy, Spain risks forgetting where its real economic and political interests lie. As serious negotiations get under way, it is important from the outset that both Madrid and Brussels make up their minds about where they are going.

The five union representatives on the Committee of Inquiry into Labour Party Organisation. From left to right: Ray Buckton (ASLEF), Clive Jenkins (ASTMS), Bill Keys (SOGAT), David Basnett (GMWU), and Moss Evans (TGWU).

The unions and the Labour Party

BY RICHARD EVANS AND CHRISTIAN TYLER

IT WILL be the attitude of the trade unions with their massive block votes and financial weight rather than the representatives of the local parties which will decide the constitutional issues at next week's party conference that could affect the direction the Labour Party takes during the next decade. It is hardly surprising, therefore, that Mr. Callaghan and his embattled supporters are cultivating union leaders with increasing urgency as the Brighton debate approaches.

The immediate issues are clear. The three reforms being advocated by the Left — re-selection of MPs, changes in the way the Party leader is elected and in the drafting of the election manifesto—would in the opinion of most observers transform the way the party is controlled.

The present signs are that the Left will win on re-selection, could win on the method for electing a leader and stands a chance of bringing off a third victory on the manifesto—the most significant of the three in Mr. Callaghan's opinion.

Any defeats will be humiliating for the party Leader following his desperate appeal last week for a temporary truce to allow Labour to get on with its united opposition to Mrs. Thatcher's Government. But more significant even than his eroded personal position will be confirmation that the old trade union relationships which have sustained his political career cannot any longer deliver the goods.

The push by the Left for constitutional reforms which would give the party conference and the National Executive Committee much more power and influence at the expense of the Leader and the Parliamentary Party will have underlined the curious and illogical relationship that has grown up over the years between the party and the trade union movement. This has now reached the stage when a handful of delegates of the Amalgamated Union of Engineering Workers could decide the party's future shape.

The relationship has been increasingly difficult to defend as a handful of trade unions have become more and more dominant because of their membership strength. But there has been relatively little pressure for change because of the need for continuing financial support and because the trade unions in general remained loyal to the moderate party leadership.

There is now a detectable pressure from both Left and Right of the party to call into question the role the trade unions play within the labour movement and to see if a more logical and possibly more detached relationship should be developed.

Matters are coming to a head not only because of the expected alignment of the Transport and General Workers' Union and the engineers with the Left over the constitutional reforms but because of the aftermath of last winter's industrial troubles.

Election verdict

Many Labour supporters remain convinced that Mrs. Thatcher did not win the General Election but Labour lost it through its close identification with the unpopular trade unions.

There is unlikely to be any development at this year's party conference but it will certainly now be necessary for the inquiry into party organisation to take an objective look at the relationship.

A significant grouping of MPs, mostly but not exclusively on the Right, and in the centre, would like to see a much looser link possibly along the lines of that between the Democrats and the unions in the U.S.

The Manifesto Group of Labour MPs argues that as participation by Labour voters in the internal democracy and financing of the party has declined, Labour has become more prey to accusations of accepting meekly the special pleading of the unions in order to get continued financial support.

But other moderates see the answer not in loosening the ties but in positively strengthening them by involving union members much more at local Labour Party level. The party, it is argued, needs the unions to provide a base of committed supporters and workers as well as finance.

So the signs are that the pressure from the Left for constitutional reform and the setting up of the organisational inquiry will unleash a whole series of questions on power and influence in the labour movement. This will inevitably train a spotlight on the role of the unions, their methods of financing the Labour Party, and the way they cast their block votes.

Unfortunately the whole examination has got off to a bad start.

The trade unions are showing signs of acute embarrassment at the struggle.

It is a reflection of the sheer size of the trade unions' votes at party conferences and of the party's desperate dependence on the unions for cash that they find themselves drawn—however unwillingly—into party intrigue, something which many of them feel is best left to the politicians.

The infant that the trade unions delivered in 1900 has become a party of government. The trouble is that it is not a mass party in the proper sense of the word because few members belong to constituency parties. The child depends on its parents—and some general secretaries say it is behaving like a muddled adolescent.

Behind all the heat and venom there is one issue of real importance which is disputed by no-one in the party. How is the Labour Party to be built up, financially and organisationally so that it can win elections and keep on winning them? Crudely put, the Left argues that extending party democracy—in the selection of MPs, the election of the Leader, and the framing of the manifesto—will help to achieve those results.

The Right in the party says that the party's base—as distinct from its popular support—is so narrow that such constitutional changes would merely deliver the party into the hands of the Left and consign Labour to the electoral wilderness.

Inside the unions, the moderates (including now some of those traditionally described as Right or Left) are in favour of the kind of wider democracy put forward in by the proposed changes—it mirrors the rules of many trade unions. But they are afraid that the cart will be put before the horse. That is why men as politically diverse as David Basnett of the general and municipal workers and Ray Buckton of the locomotive men and firemen, want a full inquiry before a vote is taken on the changes. They would like to see detailed plans for widening the party's base before the constitution gives more power to the rank and file.

For the unions the future of their relationship with the political wing of the labour movement is perhaps the most important underlying question of all.

But for the present relations between the national executive and the trade unions have been soured by the executive's refusal to let the inquiry consider all the issues, and its rejection of a compromise plan put forward by the Trade Unionists for a Labour Victory group that a short inquiry be followed by a recalled conference before October, 1980.

The short-term tactical fracas has even put trade union leaders at odds with their own representatives on the national executive. For instance Mr. Moss Evans of the transport workers agreed with Mr. Basnett to recommend a recalled conference at a recent meeting with the party's organisation committee. On the other side of the table, Mr. Alex Kitson—shortly to become Mr. Evans' deputy—moved rejection of the plan. Again, the miners' representative on the national executive, Mr. Emlyn Williams, supports Mr. Kitson and the Left and is having his arm twisted by the right-wing majority of the NUM's own executive. To put it bluntly, he has been told he may lose his party job.

Suspicion of Benn

Union mistrust of the Left's real motives runs even deeper. Some believe that the constitutional debate is just a smokescreen for the political ambitions of Mr. Anthony Wedgwood Benn or Mr. Eric Heffer. Indeed, one view gaining ground in the unions is that the *real contest is not between Mr.* Benn and Mr. Callaghan (or his candidate for the leadership), but between Mr. Benn and Mr. Heffer.

Somehow in the midst of all this — or more probably when the passion of the party conference has died away—some agreement may have to be reached about how the trade unions can contribute to party activity at the grass-roots while at the same time giving up some of their power over the conference and the composition of the national executive.

At present trade unions deliver over 6m votes, the constituency parties some 676,000 and other affiliates about 55,000. The union subscription to central funds was £1.5m last year compared with under £150,000 from local parties.

The conventional wisdom that Labour Party coffers are filled almost exclusively by the trade unions is challenged by a group of Left-wing party activists who want to see local constituencies represented on the inquiry into party organisation, finances and structure.

At present the inquiry, set up at the suggestion of the trade unions, is to be conducted by five union leaders and five members of the NEC.

But the Labour Co-ordinating Committee argues that the party rank and file should have an equivalent say because the constituencies probably produce as much income for the party all over the country as the trade unions. As evidence they point out that the Houghton Committee estimated that local parties raised £1.5m in 1975, which roughly matched contributions from the unions.

But whereas in the case of the union political levy and donations, everything is recorded centrally at Transport House, the local parties collect locally and spend locally.

The union affiliation is itself a curiosity. The numbers represented at conference are not the same as the numbers paying the political levy with their union subscription. Unions set their own levy figure. To the party they need pay 28p a year per member. In effect, many unions decide how much to give the party, then divide that sum by 28p to produce a voting strength. Some unions affiliate on many more members than they have paying political levy. Some affiliate on less.

Constituency parties have to pay the same 28p to get to conference, *although the individual* party subscription is £1.20 a year. About a third of the CLPs, however, just cannot afford to send delegates to the conference.

The second great link between the unions and the party is the union-sponsored MP (who existed before the present Labour Party was set up). In the last parliament there were 149 sponsored MPs and another 36 candidates for the general election.

Unions can spend on their MPs at election time 80 per cent of the maximum amount permitted by law—which varies according to the size of the constituency. Between elections they can spend 60 or 65 per cent of a full-time agent's salary, or a lump sum of between £420 and £500 a year if there is no full-time agent.

At national level the union links are formally embodied by the TUC-Labour Party liaison committee (which, set up in 1970, produced the social contract with the Labour Government). There is also a committee called the National Council of Labour which is semi-defunct, but which Mr. Benn and Mr. Heffer would like to see revived. The unions have 12 seats on the party's national executive, and can also join in the voting for the five-member women's section.

Co-opted members

There are also links between the TUC economic committee and the home policy sub-committee of the party executive. Other working groups of the executive have co-opted trade union members on them.

Locally, trade union branches can affiliate to constituency parties and can have a say over selection of MPs (not least their own) by sending members to the general management committees. But union involvement at this level is generally weak — except in the mining areas—and both Left and Right would like to strengthen it. One proposal to the party conference is that the party should create factory branches, and increase local trade union participation — not least among shop stewards—in that way.

Ultimately there need be no dispute between the party and the trade union leaders about the need to convert "paper" party members in the unions' affiliated votes into real local activists. The Left's proposals suggest that the quid pro quo for such change would be that the unions gave up. Some of their block voting strength at conference.

A historic disengagement of this kind is a far more delicate matter. But it might prove much more popular with the unions than is generally realised—provided, of course, they can be persuaded that it is for the good of the party, not merely of certain politicians.

MEN AND MATTERS

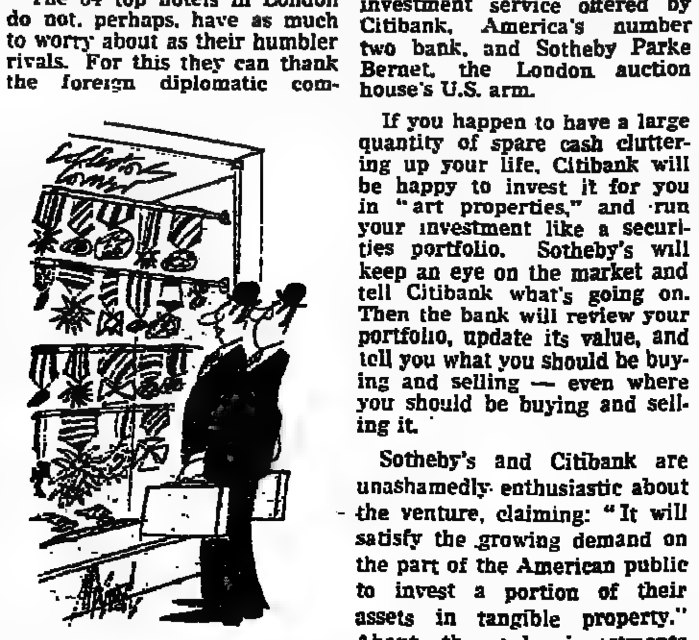
On the rack in Mayfair

In front of me is a leaflet from a Park Lane hotel sent in by a reader. It is headed "Rack Rates" and lists accommodation ranging from £51-£224 a night. As my correspondent observes, for a little more you might even get a bed. According to my dictionary, "rack" is a word normally associated with torture or extortion. In hotel language a "rack board" turns out to be a plan of the hotel's lay-out.

The Diplomatist magazine has just conducted a survey of London's 4- and 5-star hotel prices which, together with the strong pound, go a long way towards explaining this year's drop in the tourist figures. The prices vary considerably, from £20 a night at the 4-star St. Ermin to £67.85 at the 5-star Inn on the Park. Claridges, and a few others, do not quote anything so sordid as a price except to prospective clients.

The 64 top hotels in London do not, perhaps, have as much to worry about as their humbler rivals. For this they can thank the foreign diplomatic community which accounts for a colossal amount of business, no less than £316m in 1977, an increase of over 500 per cent in the past decade. The Japanese Embassy alone was responsible *for arranging accommodation* for 6,500 visitors last year; the Nigerians for more than 1,500; the Brazilians for over 500. Diplomats are also given to eating out several times a week, as well as arranging such functions as national days in hotels.

The verdict on the ideal hotel? An embassy spokesman responsible for arranging thousands of visits each year put it very succinctly: "There could be only one ideal hotel for us—Claridges with full air-conditioning."



"I'd stick to Krugerrands—I hear that Amin and Bokassa are going to flood the market"

Winning arts

Messages like "dump Degas, hold Holbeins, buy Braques" will soon be on their way to a small but select band of investors who make use of a new investment service offered by Citibank, America's number two bank, and Sotheby Parke Bernet, the London auction house's U.S. arm.

If you happen to have a large quantity of spare cash cluttering up your life, Citibank will be happy to invest it for you in "art properties," and run your investment like a securities portfolio. Sotheby's will keep an eye on the market and tell Citibank what's going on. Then the bank will review your portfolio, update its value, and tell you what you should be buying and selling — even where you should be buying and selling it.

Sotheby's and Citibank are unashamedly enthusiastic about the venture, claiming: "It will satisfy the growing demand on the part of the American public to invest a portion of their assets in tangible property." About the only investments which have kept ahead of inflation in the past few years are art and real estate, they point out.

Others are less enthusiastic. Antique and fine art dealers see it as a concerted threat to their market. "What if Citibank ad*vised its clients to get out of* French Impressionists? It could spark off millions of dollars of sales," one dealer observed anxiously. On a more altruistic note, the move is seen as reducing the fine arts market to little more than a glorified stock exchange where investors know the cost of everything and the value of nothing.

Impervious to such grumbles, Citibank says it already has plenty of inquiries, despite the $1m bottom limit which has been imposed to limit the service to "serious investors."

Bad risk

Reports of murder and bloodshed continue to flow from Uganda, which seems little improved from the Amin era. So it was with surprise that I read a leaflet from the Centre For International Briefing in Farnham, Surrey, describing a seminar next week on "the current business possibilities in Uganda and future prospects."

Chairman of the seminar was listed as Richard Slater, former High Commissioner in Uganda and now an adviser to Commercial Union. Among the panel of speakers: Anthony Ballantyne-Evans, a director of Mitchell Cotts.

How many companies want to know about business in Uganda or would risk sending executives to look for it just now? I telephoned the centre to find out. "We have postponed the seminar until early in 1980," was the quick response. "We couldn't get enough information together."

Extra attraction

The Post Office has been showing off its long-heralded System X telephone exchange at the vast Telecommunications Exhibition in Geneva this past week. I gather it has made such an impact that foreign competitors cannot keep their hands off it.

Members of the British team have had, so far, to interpose their bodies between a Russian taking photographs of its secret workings, a Belgian trying to trace the design of a circuit board and an American having a go at a piece of peripheral equipment with a pair of pliers. Remebering those past years when foreigners hurried past its exhibits with scarcely a glance, the corporation is relishing the joys of being envied.

PO men—there are some 200 of them in Geneva—are not being allowed to relax in this unfamiliar aura of success. A daily bulletin from Colin Davis, the exhibition stand manager, reminds them that smoking, drinking and even the wearing of a Buzby badge are not permitted on duty. Selling a system that has cost £200m in research and development is serious business.

Who's counting

Now that the controversial financing arrangements for Pan Am's purchase of Lockheed Tristars with Rolls-Royce RB-211 engines has been completed, the American aircraft manufacturer seems to be turning its mind to other problems. Lockheed has issued some curious statistics in order to illustrate the capacity of its C-5A Galaxy, the world's biggest aeroplane, and is telling potential customers the Galaxy can ferry 25,844,746 ping-pong balls, 752,000 hockey sticks or 382,301,647 aspirin tablets. It can also apparently accommodate 100 Volkswagens, making it the ideal transport for any large family of VW enthusiasts, keen on ping-pong and hockey, but prone to chronic migraine.

Observer

اهكذا من الأصل

BBC FOREIGN BROADCASTS THREATENED BY GOVERNMENT AXE

BY DAVID DODWELL

Bush House's fight against big spending cuts

THE BBC External Services—a lifeline of radio news for over 100m people around the world every day—faces imminent spending cuts which the BBC claims threaten 25 per cent of the organisation's broadcast output.

As concern inside the BBC has mounted, it has organised an international campaign to oppose the cuts.

The External Services are known by few people in Britain, and have been heard by even fewer. But to millions overseas, their transmissions—in English and 38 other languages—are the only source of balanced and objective news available.

In authoritarian societies where the local press is closely controlled, and elsewhere at times of political crisis, the External Services of the BBC have won an unrivalled reputation for meeting the requirements of those who prefer objective news and analysis to government-filtered propaganda.

But now, whole language services are in jeopardy and transmissions to huge areas of the world may be abolished. The British Government, committed to large-scale cuts in public spending and reluctant to admit special cases, would like the External Services to prune £4m from next year's £48m budget.

Cost-cutting has become a matter of routine over the past decade: four cuts in recurrent spending have been imposed, as well as one in capital spending. But the unprecedented size of cuts called for this year, coupled with what is seen in the BBC as the indiscriminate haste with which the Government has set about cutting costs, has raised alarm at Bush House, London headquarters of the External Services.

Mr. Gerard Mansell, Director of External Services, was given four hours to prepare proposals showing how £4m could be saved. The Foreign Office apologetically concedes that this short notice was "unfortunate."

After two months of special pleading, Mr. Mansell's case for less draconian cuts now rests. A decision on the fate of the External Services must be made urgently, according to the Foreign Office, and will certainly be made before Parliament reassembles on October 22.

The External Services were born in 1938 out of the embyro of the Empire Service. First transmissions were in Arabic, and were made specifically to counter Mussolini's Radio Bari, set up in the south of Italy to transmit propaganda about Italy's invasion of Abyssinia.

Today, programmes are transmitted from Bush House for 24 hours a day, seven days a week, in English—the World Service—and in 38 foreign languages ranging from Finnish to Vietnamese, from Portuguese to Swahili: a total of 710 hours a week. The vernacular services claim an average daily audience of 75m people, while the World Service is listened to by 25m. These figures exclude audiences in the Soviet Union and China, where reliable audience research has been impossible.

Major impact

There are now understood to be more than 1bn radio sets in use around the world, compared with 230m a quarter of a century ago. Most of these are owned by people in developing countries. It is in such areas that the BBC makes the biggest impact, usually in the local vernacular language rather than English.

Listeners go to remarkable lengths to hear the BBC: from the central Chinese province of Guizhou, a 37-year-old listener recently wrote that he had spent "37 barren years in this place" until he built himself a radio receiver and began to listen illicitly to the BBC Chinese language programmes. Similar examples abound.

During the recent revolution in Iran and the troubles that followed, the Iranian people relied heavily on BBC news transmissions in Farsi rather than the government-controlled media to discover what was happening around them—a fact that greatly irritated the Iranian authorities.

Mr. Mark Dodd, head of the Eastern Service, claims his team of journalists broadcasting to Iran, Afghanistan, Pakistan, India and other parts of South Asia, "have earned their spurs" in the past year.

"A government in power, particularly if it is in any way authoritarian, finds the chink in its information control very embarrassing," Mr. Dodd said. "We are being asked to cut back transmissions when this part of the world is in a more turbulent state than it has been for a long time."

The External Services are financed out of a government "grant-in-aid" which is handled by the Foreign Office. While the BBC is given editorial freedom, the Foreign Office determines the languages in which the BBC transmits, and the number of transmission hours in each language.

The BBC is asked to broadcast "in the national interest," which has led to occasional Foreign Office intervention. Such intervention is infrequent.

The External Services also include the BBC Monitoring service, based at Caversham in Oxfordshire. This £4m-a-year operation listens in to radio transmissions around the world—particularly to those in closed societies like the Soviet Union, China, Vietnam and Kampuchea—and publishes a daily summary of news for fee-paying subscribers who are mostly journalists or government officials. Twenty per cent of the Monitoring Service's costs are paid for by the Ministry of Defence.

THREE POSSIBLE WAYS TO CUT £4m

● SERVICES to West and Southern Europe abolished (in French, German, Spanish, Portuguese, Italian, Greek, Turkish and Finnish)	Save £2.7m
Service to Latin America abolished	Save £0.8m
Close down Caribbean transmitter (used for Latin American Service)	Save £0.4m
Total saved	£3.9m
● EASTERN Service abolished (in Farsi, Urdu, Hindi, Bengali, Tamil, and Nepali)	Save £1.0m
Service to S.E. Asia abolished (in Japanese, Mandarin, Cantonese, Thai, Vietnamese, Burmese, Malay and Indonesia)	Save £1.3m
Close down transmitter to S.E. Asia based in Singapore	Save £0.6m
African Service (in Hausa, Swahili and Somali) abolished	Save £0.6m
Trim Monitoring Service	Save £0.3m
Total saved	£4.0m
● SERVICE to West and Southern Europe abolished	Save £2.7m
Arabic Service abolished	Save £1.0m
Trim Monitoring Service	Save £0.3m
Total saved	£4.0m

● By cutting services to East and Central Europe (in nine languages) between £2.0m and £2.3m could be saved.

The Government says that Britain, now in straitened circumstances, has to tailor its coat according to the cloth in hand. Mr. Peter Blaker, Minister of State for Foreign and Commonwealth Affairs, argues that the BBC External Services cannot expect to escape the axe when everyone else is being forced to make cuts.

The government recognises that Deutsche Welle, West Germany's external radio broadcasting service, has twice the revenue of the BBC's External Services, while transmitting 796 hours of programmes a week—just 10 per cent more than the BBC. Deutsche Welle also plans to add Korean and Cantonese to its language services, evidently to tap the fast-growing trading opportunities in South East and East Asia.

"When our economy is as strong as the German economy, then perhaps we too can think again about expanding our services," Mr. Blaker said in a recent interview.

The implications of a £4m cut from the External Services budget are described by the BBC as genuinely alarming. In discussing details of possible savings, the Government has evidently made it clear that it does not want to see certain services cut. These "safe" services include the English language World Service, the vernacular services to Eastern and Central Europe, and the Arabic Service.

Bearing this in mind, the BBC has presented the Foreign Office with three cost cutting packages—which it insists are "purely illustrative," (see table). It also insists that if whole services are to be cut, then the Foreign Office will have to wield the axe, because the BBC refuses to do so.

Each illustrative package contains—perhaps deliberately—a "catch 22": closing down the Caribbean transmitter on Antigua would mean shutting off Latin America not only from its vernacular services (in Spanish and Portuguese) but also from the World Service. The same applies if the Kranji transmitter were to be shut down in Singapore.

Mr. Gerard Mansell insists that the External Services have to be viewed by the Government as a special case, and presents a battery of arguments to support his claim:

● The External Services have been pruned seven times since 1965, so any fat has long-since been cut away. To cut eight per cent off the budget entails losing between 17 and 25 per cent of the present broadcast output.

● The Services offer extremely good value for money. While it costs £19,055 to make one hour of television for BBC TV, it costs £1,808 for one hour of domestic BBC radio, and just £841 for an hour of programmes produced by the External Services. In real terms, costs per hour of programme produced have been trimmed by 5½ per cent since 1970.

● The BBC's hard-earned reputation for impartiality would be brought into question if vernacular services were to be limited to politically sensitive areas where the British government has specific foreign policy interests — like the Warsaw Pact countries, or the oil-rich Arab states. Mr. Mansell said: "The universal spread of our broadcasting enables us to say that we speak with the same voice to all, we are even handed, we believe in the truth and in getting it right. As soon as we start lopping off parts of the world, then we start making ideological statements about the purpose of our broadcasting."

● The Budget, even before cuts, is extremely small. For example, the Far Eastern Service, which broadcasts in Mandarin, Cantonese, Indonesian, Japanese, Malay, Thai and Vietnamese, has £654 a week to spend on programmes—mainly contributors' fees and scripts. The Hindi Service, which transmits 16 hours of programmes a week, has £310. The weekly programme allowance for the Swahili Service is just £46.

● Capital investment in new transmitters, and in replacing antiquated broadcasting equipment at Bush House, is urgently needed. A recently-published BBC document said: "It is literally a race against time to replace some studios and transmitters before they break down irretrievably."

● Expertise which has taken many years to acquire would be lost, and would not be recovered easily or quickly.

● Audiences, once lost, would not be easily retrieved. The Thai language service, which went off the air for 18 months early in the decade, took five years to regain its original audience. It is no accident that Radio Moscow, transmitting in English, uses programme formats and presentation styles remarkably similar to those used by the BBC World Service. Nor is it an accident that Radio Moscow transmits on wavelengths right next to those used by the BBC.

Expansion

The threatened cuts also coincide with a rapid expansion in the numbers listening to the BBC.

Mr. John Harding, deputy head of the Chinese service, claims his section is now getting 2,000 letters a month from Chinese listeners. In the 10 years up to November last year, the BBC received a total of 20 letters.

"The Foreign Office must be out of its mind if it wants to introduce cuts at a time when China has become outward looking in a way that is unprecedented in 30 years," Mr. Harding said.

"For the first time, the Chinese are being encouraged to listen and learn from foreign broadcasts. You could not pick a worse time to talk about cuts."

The Foreign Office says a decision on the cuts is imminent, and that negotiations have reached too sensitive a stage to allow any comment.

Nevertheless, a spokesman in the Information Policy Department, the section responsible for making the BBC cuts, said: "The Government already regards the BBC as a special case. It recognises that the issues are very complex indeed."

While confirming that cuts were inevitable, he insisted that nothing should be taken for granted — neither that the sum to be saved is £4m, nor that any of the External Services was acknowledged as "safe."

"To say that any one service is safe is to imply that others are not safe, and that is something the Government is not in a position to say," he said.

Whatever the Government says about safe or unsafe services, it is assumed by the BBC that in the event of cuts, the French and German services will probably be the first to go. So the views of Mr. Paul Hodgson, head of the French section, have a certain poignancy.

"In a world where there is less free information, not more, there is a pressing need for us to provide more information. Most people around the world are only just waking up to the world around them, and their great weapon is the radio.

"Asking ourselves why we should remain the world's newsreader, we have to admit that there is no reason for it, except that we are good at it, people say they want it, it's extremely good value for money, and it gives Britain great prestige."

Letters to the Editor

An unfortunate confluence

From the Chairman, Payroll Policy Committee, The British Computer Society

Sir,—May I draw attention to a most unfortunate confluence of dates that occurs at Easter, 1980. Good Friday is on April 4; as 1980 is a leap year the PAYE in any weekly payroll paid on that date has to be operated on what is known as a week 53 basis. Effectively week 53 basis means that that week stands alone from the earlier weeks in the year for PAYE calculations. As week 53 is the last week in the tax year the pay calculations for the week before Easter must be kept entirely separate from those carried out for the week after Easter.

The Easter holiday causes two short weeks for payroll preparation purposes. The normal action for short weeks of combining two weeks payrolls is not possible on account of the incidence of week 53 and the start of the new tax year as explained above. Some ad hoc arrangements are therefore required in order that the payrolls can be produced in the time available and the statutory PAYE requirements met.

The Inland Revenue is organised to be flexible in agreeing to ad hoc arrangements proposed by an employer. It is within the authority of every local Inspector of Taxes to agree to whatever practical arrangements are necessary for the correct collection of PAYE. This delegation, however, produces an unfortunate effect on a number of computer users. These are those who make use of packaged PAYE routines supplied by computer bureaus, and computer systems companies. These PAYE routines need to be specially modified to meet each and every ad hoc arrangement that may be approved by an Inspector of Taxes for a computerised payroll. The each and every concept is the antithesis of the common use of a standard PAYE routine. Frankly the resources are not available for the large number of possible modifications that spring to mind and could be asked for to meet the circumstances involved.

We believe that it is essential that the Inland Revenue break with tradition and agree the specific details of a national procedure for dealing with PAYE over the short weeks of Easter 1980. Not to do so would absorb scarce programming resources quite unnecessarily and the strain could lead to less than acceptable payroll operation at that time. May we ask that the Inland Revenue face up to this responsibility and issues instructions in line with national PAYE procedures to meet what is after all an infrequent occurrence.

C. E. Dilloway.
Hillcroft,
Gi-house Lane.
Fwbridge, Stroud,
Glos.

Taking a line on strikes

From the Senior Shop Steward, Electrical, Electronics, Telecommunication and Plumbing Union, Thames TV

Sir,—Two articles on September 19 attracted my attention. I refer to those on the British Institute of Management guide for managers on funds available to employees who take strike action and the CBI proposals on strike insurance. Were it not for the date, I might have been led to the conclusion that we were still in the Silly Season.

A strike usually represents the failure of either side to correctly gauge the relationship of power or determination in a given situation. Any attempt to alter that relationship by external means, merely causes a re-alignment or adjustment to the new situation.

The BIM may teach its members to suck eggs if it so wishes but it and the CBI should consider the proposition, that the problem posed by the BIM is the reverse side of the coin to the proposals of the CBI. It therefore follows that with the potential funds at my disposal, my only problem would be to choose a broker not engaged by an employers association. If the CBI proposals come to fruition, the only beneficiaries would be insurance brokers and insurance companies.

H. Woolf,
Teddington Lock,
Middlesex.

Railway pension schemes

From the General Secretary, The British Transport Officers' Guild

Sir,—British Railways Board is often cited by Mr. Nottage (September 18) as a prime example where a pay-as-you-go pension system should replace the existing funding principle. I should like to raise two very important points in this respect.

In the BRB schemes, unlike those of the civil service, members pay a substantial percentage of the cost of current service benefits. Indeed, the amount paid by the members puts them at the upper end of the "contributions league table" for both private and public sector pension schemes.

In the modern railway pension schemes (to which about 90 per cent of railway employees currently belong) there is no guarantee of solvency in respect of current service benefits. This is completely different from the situation in the civil service and in many private sector schemes where the employer meets the balance of the cost. If there is an actuarial deficiency in BR pension schemes, then the management committee (comprising 50 per cent employer and 50 per cent member representatives) has to decide whether to increase contributions or to reduce benefits.

It is true that certain of the older railway pension schemes, and the benefits transferred from them to the modern schemes, are guaranteed by British Railways Board. The Government, however, has always refused to commit itself to honouring these guarantees in the event of the Board's being unable to meet its obligations to the pension schemes.

Even the limited measure of financial support that the British Railways Board was to receive in respect of these inherited pensions obligations under the Railways Act, 1974, now seems in jeopardy—at least according to a recent Press release from the Department of Transport.

Given the absence of any Government guarantee (however inconceivable it may seem that the Government would ever allow the British Railways Board not to honour its obligations) and the recent example of the Government's deciding upon a complete change in a (statutory) promise, it is perhaps little wonder that members, like their colleagues in the private sector, look to the only real measure of security in retirement that they can hope for, i.e., real assets, held on their behalf, to back up their pension entitlements.

James M. Dalgleish.
Room 307, West Side Offices,
Kings Cross Station, N1.

Manx Radio wavelength

From Mr. H. Robin

Sir,—I refer to your item in Men and Matters on September 11 concerning the use of medium wavelengths and Radio Manx on 219 metres. Having substantial experience of frequency allocation problems I find the imprecise statement by the Home Office ". . . if they (Radio Manx) exceed the allotted power they will be interfering with other stations" a clasic example of a Civil Service cover-up statement.

What other stations? The 1975 Geneva final allocations show stations in Poland and Italy relevant to the argument. The term "interference" is precisely defined technically in the Geneva final acts.

One can only comment that if Radio Manx wished to increase its transmitter power to cover a substantial proportion of the UK and Eire, with the proper design of a directional antennae system, there would be no significant "interference" with Polish or Italian stations.

The general conclusion has to be that the Home Office delegation at Geneva in 1975 did not secure an adequate number of wavelengths for broadcasting stations within the British Isles so that Radio Manx is threatened in consequence. I recall also that the directors of engineering at both the BBC and IBA are on record that they are less than satisfied with the results of the 1975 Geneva conference.

Harold Robin.
17, Broadwater Down,
Tunbridge Wells, Kent.

Attitudes and expectations

From Mr. A. MacLean.

Sir,—I wonder if any of your other readers were as forcefully struck as I was by the full-page advertisement taken by the Association of Scientific, Technical and Managerial Staffs on September 18.

After warning readers of the loss of jobs which will be caused by "the chip," the advertisement takes an interesting course. It might, you would have thought, have attacked the evil, unemployment - creating technology of which the chip is a product; it might have urged the need for heavy investment to provide alternative employment; it might even have supported the Government's venture into the manufacture of micro-processors as an investment in a huge and increasing market which could be the source of many new jobs.

Instead, in a passage which I read twice to make sure I was not dreaming, ASTMS proclaims that the chip is to be welcomed because it will create additional leisure-time (newspeak for unemployment), "training" for which is to be provided as part of a pattern of "whole life security" in which "all the needs of people in work and out of work, and in their old age, are planned for"; securing this happy state of affairs will be a basic objective of ASTMS in its future negotiations.

"We believe that to work as an act of devotion to the concept of working is an absurd idea. In the age of the chip it is sheer folly. Because all it will do is to reduce the prosperity which will flow from the chip's great productivity." Brave New World, or Mrs. Thatcher's Britain? And which more accurately reflects the public's attitudes, and expectations?

Anthony MacLean.
22, rue Centrale,
1248 Hermance, Geneva.

Cancer research finance

From the Director, Action on Smoking and Health

Sir,—Mr. Stanley Alderson's idea (September 20) that annual meetings of the big cancer charities should be thrown open to the public and for greater accountability in general is to be applauded, but there is another point which both the charities and their potential donors should make an even greater priority.

The largest single cancer killer for British men is lung cancer; and while breast cancer occupies this spot for women, trends indicate that lung cancer will overtake in a few years. Over 90 per cent of lung cancers are preventable: this disease is almost exclusively caused by smoking. The amount of money devoted to prevention by major cancer charities is almost negligible.

An even greater number of smokers die from coronary heart disease as a result of smoking than those who die from lung cancer. Yet while vast amounts are spent by the British Heart Foundation and others on research which benefits just a few lucky patients, almost nothing is spent on prevention.

Medical charities justify their lack of involvement in preventative medicine by referring to the "research" appeal by which they raise funds. Those struggling on tiny budgets to try to prevent more than 50,000 premature deaths each year caused by smoking are entitled to ask why British medical charities find this a problem when their American and European counterparts can devote a substantial portion of their moneys to preventative measures. A sensible review of priorities might encourage more rather than less public support.

David Simpson.
27-35, Mortimer Street, W1.

Today's Events

GENERAL

U.K.: Mr. George Younger, Scottish Secretary of State, opens new power station at Inverkip, Firth of Clyde.

Gas industry national joint council meets to discuss pay claims, London.

Liberal Party conference continues, Margate, (until September 29).

Trades Union Congress general council meets, Congress House, London.

Police Superintendents Association conference concludes, Torquay.

Labour Party national executive committee meets, Transport House, London.

ITV management and unions resume negotiations at ITCA headquarters, London.

National Research Development Corporation publishes 13th annual report.

Health Service Commissioners publish report.

Headmasters' conference opens, Trinity College, Cambridge (until September 28).

Overseas: EEC Agriculture Ministers conference opens, Dublin Castle (until September 28).

Palestinian autonomy talks start between Egypt and Israel, Alexandria.

EEC Energy Ministers in talks with U.S., Canada, and Japan on reducing oil consumption, Paris.

Sir Kenneth Cork, Lord Mayor of London, starts two-day visit to Brussels.

COMPANY RESULTS

Final dividends: A. Beckman. Campari International, S. Caskett Holdings. Ferry Pickering Group. Hunt and Moscrop (Middleton).

Interim dividends: Alpine Holdings. Hanger Investments. John Laing. Rotork.

COMPANY MEETINGS

Allied Colloids, Cleckheaton Road, Low Moor, Bradford, 12.30. Courts (Furnishers), Crown House, Morden, Surrey, 11. Danae Investment Trust, 44, Bloomsbury Square, WC, 12.30. Hallite, Kempton Manor, Kempton Park, Sunbury-on-Thames, Middlesex, 12. Reardon Smith, Devonshire House, Greyfriars Road, Cardiff, 3. Joseph Stocks, 57 Stanley Road, Whitefield, Manchester, 11.

Barratt Developments jumps to record £20.7m

ON turnover of £169.78m against £122.21m, profits before tax of Barratt Developments increased sharply from £11.17m to a record £20.66m in the year ended June 30, 1979. First half profits had doubled to £8.2m.

Demand for the group's houses *in all price* ranges remains strong and the group is coping well with the current shortage of mortgages, the directors say. The number of Barratt houses being built and sold continues to increase and the group's share of the UK private housing market is still rising.

Net earnings per share for the year are stated as 54.3p against 37.4p and the final dividend is 7.355p raising the total from 8.1796494p to 10.255p.

The directors say the newer housebuilding subsidiaries, particularly in the West Midlands and southern England are making an increasingly important contribution to group results and the recently formed property investment company in Scotland is making excellent progress.

	Year 1978-79 £000	1977-78 £000
Turnover	169,775	122,210
Housebuilding	147,961	106,075
Prop. inv. income	1,515	1,308
Prop conversion	1,620	—
Contracting	15,007	11,231
Land sales	2,316	775
Inv. prop. sales	1,357	2,791
Profit before tax	20,658	11,174
Housebuilding	18,777	8,603
Prop. inc. income	1,185	1,025
Prop. conversion	367	—
Contract. loss	727	67
Land	378	265
Invest. property	678	1,348
Tax	605	*1,375
Net profit	20,053	12,549
Dividend	3,873	2,879
Retained	16,180	9,670

* Credit.

The directors have reviewed the current market value of the group's investment properties and are of the opinion that there is an excess of over £6m over the book value.

This valuation refers only to those investment properties physically complete at June 30, 1979, and takes no account of the anticipated value of industrial and commercial developments in progress.

The substantial progress made in the current development programme of commercial and industrial investment property will increase investment income from £1.2m to £3m by 1981.

The group currently hold 33,000 plots of high quality developable land all with planning permission. Overdrafts at £29m are all from six major clearing banks in England and Scotland who have currently made available overdraft facilities of £73m, the directors state.

Capital commitments, including those authorised but not contracted amount to £6.1m, of which £5.7m relates to investment properties in course of development.

In October, 1978, the group acquired Ash Homes, based in Sutton Coldfield, together with certain associated interests, for a consideration of £2.6m. For the 10 months to June 30, 1979, this acquisition contributed £842,000 to pre-tax profit. During the year new subsidiaries were established in Birmingham, Woking, Cardiff and Glasgow.

HIGHLIGHTS

For years debenture stocks have been absent from the new issue scene which makes the floating by **London Trust** of a £15m debenture something of an event. The Lex column looks at the background to this advent and also discusses the reasons for IBM's much larger $1bn bond financing plans on the other side of the Atlantic. On the company results front **Kleinwort Benson** is up after six months but is cautious for the rest of the year while **Barratt** reports an 85 per cent increase in pre-tax profits with a sharp rise in house prices giving much wider margins. Finally, Lex considers the results from **LASMO** which has announced a first payment on its oil production stock. Elsewhere **Barrow Hepburn** produces flat first-half profits while **Armstrong Equipment** looks equally sluggish with full-year profits showing a marginal downturn in the second half. **Unicorn's** margins are under pressure, but happier news came from **Brent Chemicals, United Newspapers** and **Tomatin.**

Barrow Hepburn midway boost

WITH pre-tax profits up from £768,000 to £1.46m in the first half of 1979, the directors of the Barrow Hepburn Group are declaring an interim dividend of 0.8p and are forecasting a final payment of not less than 1.2p—the total last year was a single 1p final.

The Board says the first half profit benefits from a lower level of borrowings and the inclusion of the group's share of an associate company—Colyer Watson Holdings—combined with an improved trading performance by the UK companies. Last year, the group reported profits for 1978 down from £3.23m to £1.51m.

Turnover in the first half amounted to £19.14m against £17.24m. Profit includes associates share £192,000 (£34,000) and is after interest of £210,000 (£697,000). After tax of £500,000 (£483,000) earnings per share are stated as 3.7p against 1p.

● comment

On first sight, Barrow Hepburn's flat interim trading profit is *something of a disappointment.* The group is, after all, comparing healthy business on a like for like basis for the first time but there are exceptional factors. Deconsolidation of Colyer Watson to associate status probably cut profits by around £100,000 while an engineering dispute in Italy, coupled with the effects of adverse sterling movements against the lire, may have clipped the surplus by a further £200,000. The group is confident of the development possibilities thorughout its portfolio of subsidiaries, with particular emphasis on plastics and leather components. A strong balance (possibly no more than 8 per cent geared at present) will clearly support a high level of capital spending and a programme of acquisitions. The effects of the engineering dispute in this country have ont been felt to any significant degree and the Italian subsidiary—worth some 30 per cent of total profits—expects to catch up the production backlog in full by the end of the year. The shares climbed 2p to 35p where the prospective yield *of 8.4 per cent and a p/e of 4.6,* assuming same again second half fully-taxed UK earnings, are still taking a cautious view.

Yearlings unchanged

The coupon rate on this week's batch of local authority yearling bonds is unchanged at 13¼ per cent. This week's issues are priced at par and dated October 1, 1980.

The issues are:—Wycombe District Council (£1m), Cunninghame District Council (£½m), London Borough of Ealing £1m), *Cherwell District Council (£½m),* Birmingham District Council (£1½m), City of Swansea (£½m), Chester-Le-Street District Council (£½m), London Borough of Southwark (£2m), Borough Council of Gateshead (£375,000), Bassetlaw District Council (£½m), Rossendale Borough Council (£½m), North East Fife Regional Council (£½m), City of Kingston Upon Hull (£1m), North Tyneside Metropolitan Borough Council (£½m).

Shell invests extra $1.9bn

BY RAY DAFTER, ENERGY EDITOR

The Royal Dutch/Shell Group had to invest about $1.95bn in additional net working capital during the first half of this year, largely as a result of the big rise in oil prices, Mr. Dirk de Bruyne, president of the Royal Dutch Petroleum Company, told U.S. oil analysts yesterday.

The investment was on top of the $2.17bn worth of capital expenditure financed by the group during the January-June period, he said.

Mr. de Bruyne said that the preservation of the group's cash situation had become extremely important. "The additional cost of inventories will have to continue to be recovered in the market for our products."

He was making a presentation to the New York Society of Security Analysts along with Mr. Michael Pocock, chairman of Shell Transport and Trading. Both are managing directors of the Royal Dutch/Shell Group.

The analysts were told that between 1971 and the end of 1981, the amount of money which the Group had tied up in stocks had increased from $1.7bn to $6.5bn. Over the same period the amount of net working capital had increased from $1.9bn to about $6bn.

However, while higher crude oil costs caused working capital and cash problems, they also added considerably to the prospects for oil and gas exploration and development. Over the past decade Shell companies had spent more than $10bn on such operations, of which 60 per cent had been spent over the past three years, said Mr. de Bruyne.

During the 10-year period the percentage of the group's total capital expenditure devoted to exploration and production had increased from 28 per cent to 47 per cent and total capital expenditure worked out at more than 160 per cent of net income.

OEM expands 47%

ON TURNOVER some 32 per cent higher at £13.59m against £10.27m, profits before tax of Office and Electronics Machines advanced 47 per cent to £1.48m in the first half of 1979, compared with £1m last time.

The net interim dividend is stepped up from 1.406p to 2.5p—last year's total of 4.596p was paid from profits of £2.27m.

The directors say they have decided to reduce the disparity between the interim and final dividends by increasing the interim to about 54 per cent of the total paid for 1978. They add that this should not be taken as an indication of the amount of the 1979 total, which will be determined in the light of the results.

After tax of £767,371 (£528,085), stated earnings per 25p share are up from 7.72p to 11.56p.

	Six months 1979 £	1978 £
Turnover	13,594,762	10,270,217
Profit before tax	1,475,713	1,001,114
Tax	767,371	528,085
Net profit	708,342	473,029
Dividend	153,122	88,743
Retained	555,220	384,286

Principal activities of the company are making and supplying power braking systems and associated engineering products to the automotive industry.

Profit cut at Clayton Dewandre

Clayton Dewandre Holdings, a subsidiary of American Standard Inc., reports sales of £54.7m for 1978 against £52.76m but pre-tax profits were down from £3.57m to £1.91m.

Tax takes £1.21m against £1.9m to give earnings per share of 5.2p compared with 11.5p. There is no dividend—the previous payment absorbed £287,217.

Growth for Watmoughs

WITH FIRST HALF profits showing a rise from £405,000 to £555,000, the directors of Watmoughs (Holdings) believe that 1979 will be another year of progress. Prospects for the rest of the period are encouraging, they state.

They are lifting the interim dividend from the equivalent of 0.9p to 1.3p per 25p share. The total for 1978 was equal to 3.04p from profits of £1.1m.

Demand for the products of each of the subsidiaries continued at "a most encouraging level" justifying past investment decisions. The group is engaged in colour printing, publishing and process engraving.

The profit reflects an increase in the rate of depreciation from 7½ per cent to 10 per cent on plant and machinery. Techological changes in the industry is shortening the productive life of equipment because of obsolescence, the directors explain.

	First half 1979 £000	1978 £000
Turnover	5,888	4,824
Profit before tax	555	405
Taxation	†37	25
Net profit	518	380
Pref. dividends	1	1
Earnings	10.35p	8.24p

† Based on estimated effective rate for year and excludes any provision for timing differences which are expected to continue. Accounting policy for deferred tax changed to reflect provisions of new accounting standards and comparative figures have been restated accordingly.

Kleinwort Benson plans 1.4p dividend increase

A RISE of 1.4p in the dividend for the year 1979 is forecast by **Kleinwort Benson Lonsdale,** the banking and investment trust group. The interim payment is being lifted from 1.8p to 2.5p, and a final of 3.5p is intended, subject to unforeseen circumstances.

For the first half of the year group profits (although not disclosed) are better than the corresponding period last year, the directors state.

However, continuing pressure on margins and increasing costs suggest that "the prospects for the second half should be viewed with some caution."

In 1978 the group pushed up its net taxed profit from £7.48m to £9.08m. This comprised banking £6.12m (£5.17m) after the usual transfers and provisions; other group companies £1.98m (£1.74m); and associated companies £976,000 (£572,000).

At June 30, 1979, assets had risen to £1.83bn, as shown in the table. Advances and other accounts stood at £557.22m and current, deposit and other accounts at £1.43bn.

	June 30 1979 £000	Dec. 31 1978 £000
Bullion, cash	260,644	213,332
Certs. of dep. etc.	209,748	193,295
Short notice	107,569	141,622
Other loans	322,295	229,836
Quoted invest. (bank)	20,479	25,584
Advances etc.	557,218	494,522
Leasing assets	39,697	41,364
Portfolio invest.	28,751	31,340
Associates	6,289	6,157
Fixed assets	9,676	8,427
Acceptances	272,519	243,886
Capital	15,598	15,592
Reserves	68,215	68,215
Loan capital	14,078	15,240
Deferred tax	32,018	32,019
Current, deposit etc.	1,432,468	1,255,413
Acceptances	272,519	243,885
Total	1,834,895	1,630,384

Profits jump at English Association

As a result of excellent trading by the recently-introduced investment management and sterling money market activities, taxable profits of the English Association of American Bond and Share Holders soared to £381,322, including a dealing profit of £134,436, in the year to June 30, 1979. Last time the surplus was £112,575.

The directors of the group, which provides services for investors in American, Canadian, Australian and other Commonwealth countries' securities, say the current year has started satisfactorily. They hope the results will compare favourably with last year.

After tax for the period of £143,987 (£59,504), earnings per £1 share are shown to have jumped from 12.54p to 56.09p. The net total dividend is held at 18.875p, with an unchanged final of 14p.

Dividends absorb £79,361 (£38,367), leaving the retained balance well ahead at £157,474, against £14,704.

Sunlight Service up midway

Reporting a profit improvement for the first half, the directors of the Sunlight Service Group are expecting a satisfactory increase in 1979 profits together with a rise in the dividend total.

For the half year to June 30, profits were up from £377,174 to £459,000 before tax of £238,000 (£196,130). Turnover was £8.33m against £6.98m.

The interim dividend is raised from 0.4013p to 0.5p, an increase of 24.6 per cent and the final is expected to be increased by no less a percentage. The total last year was 1.345p from record pre-tax profits of £1.07m.

Despite the weather and industrial disruption in the early part of the year, all divisions made a useful contribution to profit. However, trading in the linen hire division has been less buoyant than expected, the board states.

Legal & Gen. pension plan

A £250,000 advertising campaign has been launched by Legal and General Assurance to market the company's self-employed pension contract the Personal Retirement Plan.

The company estimate that fewer than 30 per cent of self-employed persons bother to make pension provision through a life company plan, even though they do not qualify for earnings-related pensions under the new State pension scheme. Mr. Ted Ty, th life manager of L and G, cxsiders there is a tremendus potential in this market wi about 1.9m self-employed peop plus a further 500,000 persor with some kind of self-employe earnings.

But the company is not just confining its campaign to the self-employed. Any person who is not a member of an approved company pension scheme can take out a personal pension contract. This applies to employees contracted in to the State scheme whose employer has made no other pension provision. There are about 6m such persons and the campaign, scheduled to last for two months, will in its later stages switch to these potential investors.

L and G, the largest company pensions firm in the UK, has also redesigned its booklet for clients designed to explain the pension scheme to members.

Bulgin up to £0.68m halftime

FOR electronic and electrical component manufacturer A F. Bulgin the half year ended July 31 1979 has shown progress, with profits up from £631,000 to £683,000

Demand remains good and the directors hope that new products introduced in the current year will begin to contribute to profitability in the near future.

After tax of £355,000 (£328,000) the net profit comes out at £328,000 (£303,000), for earnings of 1.37p per share, against 1.26p. The interim dividend is 0.58 (0.521p)—last year's total was equal to 1.2125p paid from profit of £1.24m.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corre-sponding div.	Total for year	Total last year
A.B. Electronic	4.5	—	3.63	7.0	5.63
Armstrong Equip.	1.72	—	1.46	2.6	2.26
Barratt Developts.	7.36	—	5.54	10.36	8.18
Barrow Hepburn ......int.	0.8	No. 20	Nil	‖1	1
Blue Bird Confectionery	2.52	No. 13	1.27	3.78	2.20*
Brent Chemicals ......int.	1†	No. 16	0.97	—	2.97
A. F. Bulgin ......int.	0.58	Nov. 21	0.52*	—	1.21*
English Association	14	Nov. 30	14	18.88	18.88
IDC ......int.	2.75	Oct. 31	2.39	—	10.0
Jove Investment ......int.	1.75	Nov. 28	1.7	—	3.65
Kleinwort Benson ...int.	2.5	Nov. 16	1.8	—§	4.8
Office & Electronic ...int.	2.5‡	Dec. 7	1.41	—	4.6
Sizewell European	2.1	Nov. 2	1.8	2.1	1.8
Sobranie	1.15	Oct. 26	1.1	1.82	1.76
Sunlight Service ... int.	0.5	—	0.4	—	1.35
Tomatin Distillers int.	1	Nov. 1	0.9	—	3.35
Unicorn Inds. ......int.	2.5	Jan. 2	2.15	—	6.06
United Newspapers int.	9	Nov. 13	6.5	—	15.73
Watmoughs ......int.	1.3	Nov. 5	0.9*	—	3.04*

* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ To reduce disparity. § Final of 3.5p forecast. ‖ Final of not less than 1.2p forecast.

Dividends shown pence per share net except where otherwise stated.

هكذا من الأصل

هكذا من الأصل

Higher oil price lifts LASMO

OWING TO better than forecast levels of production and higher oil prices, London and Scottish Marine Oil Company reports a turnround from a £332,000 loss to an operating profit of £11.13m for the first half of 1979, which exceeded the board's earlier expectations. At the pre-tax level, there was a £2.05m surplus compared with a £5.39m deficit.

In the last full year, the company incurred a £12.43m loss before tax.

A first payment of 11.8226p net per unit on oil production stock is announced, payable on October 31, in respect of production for the period ended June 30—the provision for this takes £887,000.

Half-yearly sales of the oil and gas exploration and development group were £14.53m (nil). The period coincided almost exactly with the first six months' production from the Ninian field, in which the company has a 7.8 per cent interest.

A provision this time for petroleum revenue tax takes £2.37m leaving a net deficit reduced from £5.39m to £0.34m. Stated loss per 25p share was much lower at 0.7p (11.09p).

On prospects, Mr. Geoffrey Searle, the chairman, says Ninian production continues to increase at a satisfactory rate and crude oil prices remain firm. The company's share of production for 1979 is expected to exceed 4.9m barrels and from June onwards LASMO has been operating at a net profit after all charges and tax, including provision for petroleum revenue tax.

Interest charges for the half year were increased from £5.06m to £8.19m.

Peak bank borrowings occurred in June, and not the fourth quarter this year as the Board bad expected. These were well within available facilities and have since fallen.

At the half years, borrowings totalled £131.45m, which comprised unsecured bank loans of £55.75m, 14 per cent unsecured loan stock of £75m and £750,000 oil production stock.

Mr. Searle says the reduction of debt and dealing with the debit accumulated as Ninian proceeded to production, will mean it could be early 1981 before the company started thinking about dividends on its ordinary capital.

The company is planning further North Sea drilling next year and also hopes to get new licences in the next round. It has high hopes of finding gas in its new Middle Eastern venture, while its other overseas move, into offshore Philippines, has already started drilling. While that is seen as more uncertain the area is large, the chairman states.

At home, he adds that the company, whose Sullom Voe expenditure is not offsettable against PRT, may enter a partnership with its 12.5 per cent shareholder Cawoods in an oil product distribution business.

ALBRIGHT & WILSON

Josen Chemicals, the Malaysian subsidiary of Albright and Wilson, will operate under the name Albright and Wilson (Malaysia) Sdn. Bhd. from September 24.

Armstrong Equipment falls in second half

WITH second-half profits slipping from £4.64m to £4.48m, the taxable surplus of Armstrong Equipment was little changed for the year to July 1, 1979, at £8.75m, compared with £8.67m. Turnover rose from £83.66m to £94.43m.

At mid-way, profits were up from £4.03m to £4.27m. The directors said then that the lorry drivers' dispute had lead to a poor start to the second half.

After tax for the year of £417,000 (£667,000)— SSAP 15 has been applied and comparisons restated—earnings per 10p share are given as 17.02p, against 16.86p. The net total dividend is stepped up from 2.2646p to 2.6p with a 1.72p final.

The group makes and sells vehicle suspension units, exhaust systems, other automotive products and industrial fastenings.

	1979 £	1978 £
Turnover	94,434,000	83,655,000
Profit before tax	8,753,000	8,667,000
Tax	417,000	667,000
Net profit	8,336,000	8,000,000
Minority debit	50,000	†132,000
Pref. dividends	4,500	4,550

† Credit.

● comment

Armstrong's figures are disappointing with second half profits showing a small drop pre-tax. The haulage strike undoubtedly had an impact on the third quarter, some of the recent acquisitions made a negative contribution and finally interest charges were probably higher. However this comes from a company which has historically produced consistent profits growth despite the problems of the motor industry. Armstrong may point to falling UK car production (hardly a new prenomenon) but the market might have expected the main impact to be felt in the first half when there was the Ford strike and UK car production fell by 30 per cent during its second quarter. Car production aside Armstrong, claims that only 25 per cent of its automotive products are sold as original equipment and the replacement market should have been reasonably firm. The full report will perhaps cast more light on yesterday's bald figures Meantime the shares at 59p on a yield of 6.5 per cent and p/e of 3.4 (on the stated tax charge) are unlikely to see much enthusiasm.

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange: Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether dividends are interims or finals and the sub-divisions shown below are based mainly on last year's timetable.

TODAY

Interims—Alpine Holdings, Barlow Holdings, Hanger Investments, John Laing, Rotork, Supra Group.

Finals—A. Beckman, Campari International, S. Casket, Hunt and Moscrop (Middleton), New Central Witwatersrand Areas.

IDC ahead midway at £0.5m

PROFITS BEFORE tax of IDC Group, designer and constructor of industrial and commercial buildings, rose from £428,551 to £501,970 in the half-year to April 30, 1979, on increased turnover of £17.26m, against £13.33m.

Mr. Howard Hicks, chairman, says the full-year results will show an improvement over 1978, when profits reached £1.12m. With the orders confirmed and the level of inquiries currently being dealt with, he views the immediate future with reasonable confidence.

Group liquidity remains satisfactory, he adds.

Tax for the half year took £265,444 (£222,560). The net interim dividend is raised to 2.75p (2.392p), and absorbs £47,640 (£41,208). The chairman and his wife have again waived the dividends due to them. Last year's total payment was 10p.

Unicorn absorbs higher interest

AFTER higher interest of £955,000 against £487,000, pre-tax profits of Unicorn Industries edged ahead from £3.46m to £3.52m in the first half of 1979. Share of associated companies' profits was down from £787,000 to £694,000.

Mr. B. Ball-Greene, chairman of the diamonds and abrasives group, says that until recently a progressive trend could have been forecast for the second half, but the recent series of strikes make a reliable prediction impossible. For the whole of 1978, taxable profits reached £7.43m (£6.63m).

The chairman says that reduced export margins in the half-year because of the strong pound have been more than offset by improved overall results from all divisions except diamond products, which has been hit by diamond supply shortage.

The American operations have made a positive contribution to earnings but, in Brazil, Rebolos has suffered losses which have now been contained. The directors believe that longer-term prospects continue to justify this investment.

The higher interest charges were due to inclusion of new subsidiaries. The chairman says the acquisition of the outstanding 50 per cent of the Craelius Group has added to the interest charges, but gearing is fractionally lower at 33 per cent.

Turnover rose from £43.67m to £50.88m, including share of associates' sales down from £7.41m to £4.91m. Tax took £1.28m, against £1.73m, of which £0.61m (£1.05m) was in the UK. SSAP 15 has been applied and comparisons restated.

	Six months 1979 £000	1978 £000
External turnover	45,950	36,261
Assoc. sales	4,905	7,409
Trading profit	3,776	3,155
Assoc. profits	694	787
Interest	955	487
Profit before tax	3,515	3,455
Tax	1,284	1,728
Net profit	2,231	1,727
Minorities	4	63
Attributable	2,227	1,664
Dividends	738	520

The net interim dividend is raised from 2.1474p to 2.5p—last year's final was 3.9138p. At the time of the rights issue last April, a total of not less than 10.2p gross for the current year was forecast. Earnings per 25p share are given as 8.8p (7.1p).

● comment

Unicorn's margins are under pressure as a result of stronger sterling and, in the home market, of generally more competitive conditions. In the second half the room for pushing profits ahead of last year's £7.4m pre-tax is being gradually diminished by the engineering strike, at customers' plants as well as Unicorn's own. The shortage of diamond supplies is holding back an important division: Unicorn is now trying to build up diamond stocks, but stockbuilding and modest acquisitions are being financed out of the rights issue money and gearing should be no higher at the end of the year. Losses in Brazil, which Unicorn is confident it can contain, are holding back the net contribution from recent acquisitions, but the 11.5 per cent prospective yield should support the shares over the present dull period for earnings. The historic fully-taxed p/e is around 7 at 91p.

Tomatin rises 16% midterm

TAXABLE profits of Tomatin Distillers Company rose 16 per cent from £412,000 to £479,000 in the first half of 1979, on marginally lower turnover of £6.52m against £6.57m.

Mr. A. P. de Boer, chairman, says that in spite of a fall in the actual volume of new whisky sold because of the transport strike, profit earned to date is about the same as last year.

He therefore expects that if the volume of orders received during the second half is similar to last time, the full-year pre-tax surplus will not be less than the £875,000 achieved in 1978.

After tax for the period of £249,000 (£214,000), the net balance came through at £230,000 compared with £198,000. The net interim dividend is lifted to 1p (0.9045p)—last year's total was 3.347p.

● comment

Tomatin's interim profits are up by 16 per cent and the dividend is lifted by 11 per cent. Given that the shares, at 187p, are yielding less than 3 per cent and selling on a prospective fully taxed multiple of over 20 times earnings, this does not look very impressive. However, the key to Tomatin's share price is the fact that it owns Scotland's largest malt whisky distillery which, if built today, would cost close to £20m. This is close to double the company's current market capitalisation. The distillery is only working at half capacity at the moment but various estimates suggest that after growing at 3 per cent per annum between 1975 and 1977, *whisky production over the next decade will grow by 8 per cent per annum.* As a result there will be a shortage of capacity which Tomatin will have to fill.

ESTATES PROP.

The recent rights issue by Estates Property Investment has been taken up as to 96.21 per cent.

LONDON TRUST ISSUE

Debenture market comes back to life

BY RICHARD LAMBERT

London Trust, according to its chairman, Mr. Edward Davies, has only one real interest in life: investment in equities. And its managers hold the unswerving view that nominal rates of interest have got to come down from their present high levels. So why on earth is the company issuing a debenture stock?

The coupon is 13¼ per cent, and the stock has been issued at £98½ per cent. So its servicing cost will represent well over twice the yield on the FT-Actuaries All-Share Index. The issue brings in £14.6m after expenses, which is a substantial sum for an investment trust with a portfolio now worth around £100m. And the trust's managers are going to have to live with this decision for the rest of their lives. The final redemption date is 2004.

But Mr. Davies affirmed yesterday, "We have not gone off our heads." The proceeds are not going into equities—in the first instance at least.

Over the last few months, London Trust has been backing its judgment about the future direction of interest rates by buying gilts. It now has more than £6m worth, mostly acquired since the balance sheet date last March. These have been financed by bank loans costing perhaps 15¼ to 16 per cent, or a good three points more than the yield *on medium and long term gilts.* So there has been a large revenue deficit on this investment.

About a third of the debenture proceeds will be used to refinance these overdrafts. The rest will be invested in additional fixed interest securities, both in the UK and overseas. Mr. Davies believes that the income on such investments will more or less cover the financing cost of the debenture.

The hope is that when interest rates do fall significantly, the trust will make a big capital profit out of its gilt edged securities. These will then be sold, and the proceeds reinvested in equities which will generate a growing stream of dividend income to service the debenture.

This redeployment of funds will only happen gradually. Mr. Davies suggested yesterday that it could be three years before it *takes place.* "*Taking a five-year* view, I believe that this issue will not prejudice our shareholders' income growth and will bring them substantial capital benefits," he said.

Why does London Trust believe that it can advantageously borrow money on terms that only the Government has been willing to contemplate recently? Mr. Davies thinks it unlikely that industrial companies would be able to take such a risk. Investment trusts, which can switch their assets from one security to another, are a different *matter.* "Gearing is the essence of such funds," he believes, and it is not wise to have too much of it in the form of short term debt.

It is an open question whether other funds will be able to overcome a natural prejudice about incorporating such a big coupon into their balance sheet for a long period of time. But there are not that many forms of finance open to investment trusts these days.

London Trust's shares sell at a bit more than a fifth below their net asset value, which is better than the average investment trust. So it cannot make a rights issue, or issue shares for a cash shell, without significantly diluting its original shareholders' interests. Moreover, the stock market has not been receptive to investment trust paper since the new issue binge of the early 1970s. A convertible or a bond with warrants attached may have been possible, but London Trust is keen to keep as tight a rein as possible on its outstanding share capital.

As Mr. Davies admits, the crucial moment for the present strategy will come when London Trust starts to sell its fixed interest investments. *If it fails* then to reinvest the proceeds in the right companies—those with growing dividends—then the cost of this debenture issue will be heavy indeed. If it succeeds, however, the extra gearing will bring valuable benefits to its shareholders.

Perhaps the key to the new issue is that London Trust is managed much more imaginatively than most investment trusts. It turns over its portfolio more frequently than most, and it has made a big success out of investing in small quoted companies and *watching them grow.* Automated Security and Brent Chemicals are its two biggest equity holdings. It also dabbles in venture capital—it has recently put £200,000 or so into a a U.S. windpower project—and one of its subsidiaries is developing a management team to monitor and assist small company entrepreneurs.

"We cannot run a fish and chip shop," says Mr. Davies, "but we have good friends to help us."

In the past five years its net dividends and assets per share have rather more than doubled. Its managers now have to show that they have kept their touch.

Over £1.3m from AB Electronic

FOLLOWING ON from the pick up at halfway, AB Electronic Products Group has achieved profits of £1.37m for the year ended June 30, 1979, from turnover of £22.78m. Total sales abroad represented 40 per cent of turnover.

In 1977/78, the company was hit by a strike and its aftermath, and profits fell from £915,000 to £604,000.

Contained in the higher turnover was a 25 per cent advance in exports and a 17 per cent increase by the German subsidiary. The termination of Iranian defence work and contraction of demand from consumer electronics caused short-*time working in some divisions* during the latter part of the year; but there was substantial growth in data processing.

Early agreement had been reached with unions in the annual pay round, but the national AUEW dispute is causing severe loss of production. If prolonged there could be serious consequences for the South Wales factories.

Liquidity has improved and resources are adequate. However, the rate of expansion will depend on an early return to normal working.

Earnings for the year are shown at 30.1p (14p) and at 29.3p (13.6p) fully diluted. The dividend is stepped up from 5.6375p to 7p net with a final of 4.5p.

The directors see considerable growth potential in thick-film micro circuits, and the Porth (South Wales) *factory* is being converted to this work at a cost of £500,000, with production due to start early next year. To comply with the wishes of important continental customers a subsidiary has been formed in Austria, and manufacture of thick-film circuits is to start later in 1980. During the past year extensions to the German factory were completed.

هكذا من الأصل

هكذا من الأصل

Lonrho £1.9m agreed offer for Harrison

Lonrho is to make an agreed £1.9m bid for Harrison and Sons, the printing and paper processing company. Lonhro is offering 75p for each ordinary and preference share.

Holders of 53 per cent of the ordinary and 1.2 per cent of the preference, accounting for 44.2 per cent of the votes evercisable in general meeting, have already undertaken to accept.

Mr. Paul Spicer, a director of Lonrho, said yesterday that Lonrho wanted Harrison's sophisticated equipment and techniques. Harrison would fit in with Lonrho's existinfi printing businesses which include Greenaways, the security printer, increasing the range of capabilities offered by the group.

Moreover, Greenaways currently had to farm out some of the orders it received. Certain of these could e put through Harrison if the bid goes through. And Lonrho elieves that changes could e made at Harrison which would make the company more profitable. It should be capable of £1m pre-tax profit, said Mr. Spicer.

Finally Harrison had the attraction of exporting a large part of its sales. Harrison exports to over a 100 countries, said Mr. Spicer. These exports include printing stamps and gummed paper for stamps. Lonrho intends to expand this activity through its overseas interests.

In addition to the directors and certain other shareholders, the undertakings to accept the offer that of London and Associated Investment Trust. LAIT's undertaking, in respect of 47.8 per cent of the ordinary shares, is suject to LAIT shareholders' approval. The LAIT directors have agreed to use their best endeavours to obtain approval from the holdings over which they have influence. These holdings amount to about 50 per cent of the share capital.

LIT buying commodity broker

London Investment Trust, the group once headed by Mr. Oliver Jessel, has exchanged conditional contracts for the acquisition of E. Bailey Commodities in a deal which could be worth £2m.

The acquisition cost is based on the net assets of Bailey, a commodity broker, which are in the region of £2m. A further consideration of up to £500,000 is payable on the basis of net profits over the next two years.

Upon completion, Mr. Glyn Evans, the chairman of Bailey, is to join the board of London Investment Trust.

Bailey is a recently incorporated company formed to acquire the whole of the business and assets of E. Bailey and Company, a commodity broker, profits of which topped £1m for the year ended July 31, 1979. Bailey has memberships of the London and New York soft commodity markets.

Commenting on the proposed acquisition, Mr. John Arthur, chairman of London Investment Trust, said the move "will result in an increase in assets and earnings which will provide a strong base for LIT's expansion."

SOUND DIFFUSION SHARES SOLD

One director of Sound Diffusion has sold a block of shares and another intends to sell part of his holding shortly.

Mr. Tim Stonor has sold 135,000 shares at an average price of about 135.5p. His total holding at December 31, 1978, was 160,677, down from 275,677 shares a year before. The latest sale was for personal circumstances requiring a cash sum, he said yesterday. He intends to retire from the board at the end of the year.

Meanwhile Mr. Paul Stonor, the chairman and managing director, intends to place enough shares to raise £½m in the near future. Mr. Stonor said yesterday that he was selling because, contrary to his expectations, he could not get interest relief on an overdraft he had arranged for a family company to buy Diffusion shares in the company's June rights issue. The sale had nothing to do with the fortunes of Diffusion, he added.

BEREC/SUPERPILA

Berec, the dry battery manufacturer, has obtained 1,500 shares on the first day of the tender for shares of Superpila Spa. Berec has made an unconditional offer to buy the 39.8 per cent of Superpila's capital not already owned.

A Berec executive said the offer price of Lire 6,000 was 93 per cent higher than the companys' book value of Lire 3,114 a share and more than 40 per cent above the share's average price in the past six months. The offer is scheduled to expire on October 12.

RIT offer three times oversubscribed

The bid by Reliance Group for just over a fifth of Rothschild Investment Trust has been oversubscribed nearly three times. After being declared unconditional in all aspects, the offer has closed.

RIT shareholders who accepted for 22.11 per cent or less of their shares will receive cash for all the shares tendered. Shareholders who wanted to sell more than 22.11 per cent will receive cash for 22.11 per cent of their holdings but only 13.69 per cent of the excess shares tendered by them.

Reliance intends to make the payments not later than Monday, October 15, and balance share certificates will be sent out on Monday, October 29.

SHARE STAKES

Astra Industrial Group—S. F. Watts, director, has sold 274,159 new shares, retaining 459,041; Mrs. I. M. Watts sold 27,306, retaining 40,959. D. G. Dukes, chairman, sold 250,000 new shares, *retaining* 1m.

West of England Trust — Britannia Arrow Holdings at September 1 was interested in 1,125,000 shares (7 per cent).

English and International Trust—Prudential Group has purchased 50,000 ordinary and now holds 9.05 per cent.

British Electric Traction—G. L. Barter, director of National Electric Construction and Electrical and Industrial Investment, has disposed of 25,000 ordinary at 115p.

Saatchi and Saatchi—Throgmorton Trust has increased its holding to 207,490 shares (5.1 per cent).

Mills and Allen International—Merchandise and Investment Trust bought 20,000 shares on September 19, increasing holding to 1.06m (12.31 per cent).

R. and W. Hawthorn, Leslie—Prudential Corporation has acquired a further 25,000 ordinary shares, and now hold 102,650 (6.79 per cent).

Staffordshire Potteries (Holdings)—Temple Bar Investment Trust, member of Electra House Group, has bought 40,000 shares and now interested in 560,000 (9.956 per cent).

Carliol Investment Trust — London and Manchester Assurance acquired further 14,500 shares bringing total holding to 104,500 shares (10.45 per cent).

LAGANVALE BUYS PROPERTY

Laganvale Estate has exchanged contracts with Lustrend for the purchase of a property at 70-72 Lupus Street, SW, for a total consideration of £81,250. This is to be satisfied by the issue of 625,000 Ordinary shares. It is *intended that the vendors retain* 156,250 shares and that the balance will be placed in due course....

RENWICK

Following an option agreement made in February, 1973, the Renwick Group has agreed to purchase 3 per cent of the outstanding 6 per cent, which it does not already own, of Marine Projects (Plymouth).

The consideration of £290,764 will be satisfied by the issue of 453,133 ordinary 25p shares of Renwicks representing 6.4 per cent of the enlarged ordinary capital.

A total of 414,218 of the shares have, subject to listing being granted, been placed with institutions, and the balance will be retained by the vendor.

It is expected that completion will take place on September 28 and that dealings in the new shares will commence on October 1.

HOWARD JOHNSON MEETING OVER IMPS OFFER

said yesterday that a meeting of its board will be held in the latter part of October to consider and act on the proposed takeover by Imperial Group in which HJ shareholders would receive U.S.$28 in cash for each of their shares.

As previously announced completion of the transaction is subject to the preparation and execution of a definitive agreement between the two companies. The deal also requires approval by the boards and shareholders of both companies, the consent *of various regulatory authorities* and other conditions.

Berisford in £1.25m tannery acquisition

S. and W. Berisford, the commodity trader and merchant, has bought a tannery operation at Hull from the Receiver of British Tanners Products for £1.25m.

Receivers were called in at British Tanners last July. Formed in 1977, the company, was 50 per cent owned by the National Enterprise Board. The deal with Berisford, concluded on Monday, follows the sale of the assets, stock and business of British Tanners' chemicals division to British Tar Products last month.

Berisford said yesterday that it wanted the tannery operation to secure supplies of hide which Berisford uses to make gelatine. The acquisition would fit into Berisford's animal by-products division.

The buy was something of an experiment, said Berisford. The group had not been in the tannery business before and had no present intention of going further into it. But the assets at Hull had been bought "very cheaply" and even if the operation was closed in a year's time Berisford did not expect to lose money on the deal.

TANGENT BUYING METCALFE COOPER

Tangent Industries has made an offer to acquire Metcalfe and Cooper (Holdings), an old established publisher and financial printer in the City.

The purchase price is £1.24m cash, and Tangent says it has received irrevocable acceptances from 85 per cent of shareholders. The offer is being recommended by the board of Metcalfe.

Tangent says that the acquisition is a logical and complementary expansion of the company's existing business activities, which embrace general and fine art printing, bookbinding, exhibition display, photographic studios and direct mail.

Metcalfe's turnover for the year ended October, 1978, amounted to £2.5m and, as a result of the acquisition, Tangent's projected turnover for the year ending March, 1980, is £13m.

Tangent says it intends to expand Metcalfe's activities, particularly its publishing interests such as Homefinder, Homes Overseas and Wessex Publications. In 1980 it is expected that they will produce 30 different publications.

Tangent, with production plant and facilities in London, Bradford and Manchester, had sales to the year ended March, 1979, of £8.69m, with profit before tax of £603000.

ELLIOTT GROUP

Pentos, the group with interests ranging from garden and leisure products to construction, has increased its stake in Elliott Group of Peterborough, the systems building specialist and contractor, to 14.03 per cent. Pentos has been buying shares in Elliott since last November.

Revenue up at Montagu Boston Trust

Gross income of Montague Boston Investment Trust improved from £268,600 to £299,500 in the six months ended July 31 1979 and net revenue was £76,400 against £60,100 after tax of £82,800 (£65,200).

At July 31, the value of net assets was £5.61m (£6.52m) and net asset value per 10p Ordinary was 56p (65p).

Borrowings, under a loan facility of U.S.$8m (or other foreign currency equivalent) available until December 13, 1981, were increased from $4.0m to $4.1m during the six months. A further $1.45m has been drawn down to date.

Midway fall at Cornell Dresses

In the first half of 1979, Cornell Dresses has suffered a setback, with profits falling from £45,503 to £17,343 on turnover of £822,000 (£977,598).

The directors had warned shareholders of the adverse effect of the severe winter and the lorry drivers' strike.

There is no tax charge against £26,000 *last time*, and earnings are shown at 0.57p (0.65p).

In 1978 the company made a profit of £128,000 and paid a single dividend of 0.8p net.

BROMSGROVE CASTING AND MACHINING—Results for year to March 31, 1979, reported August 2. Group fixed assets £545,716 (£589,600), net current assets £540,527 (£293,407). Cash at year end £146,360 (£9,470), bank overdraft nil (£280,812). Meeting, Bromsgrove, October 19 at noon.

CAPITAL AND NATIONAL TRUST—Results for year to July 31, 1979, reported August 22. Investments at valuation listed in UK £19.11m (£18.58m), listed overseas £6.03m (£3.69m) and unlisted £1.46m (£1.25m). At bank £0.4m (£0.49m). Meeting, Bucklersbury House, EC, October 16 at 11.15 am.

KWAHU COMPANY (FINANCE)—For year ended June 30, 1979, profits £107,634 (£118,077) before tax £40,531 (£39,025). Earnings per 10p share 1.8p (2.1p), dividend 1.84p (same) net.

ROBERT M. DOUGLAS HOLDINGS (civil engineering, building and contracting)—Results for March 31, 1979, already reported. Group fixed assets £14.54m (£12.7m), net current assets £4.05m (£3.9m). Net liquid funds increased by £0.33m (£3.72m decrease). Comparatives restated. Meeting, Birmingham, October 17, noon.

ARDEN AND COBDEN HOTELS—Turnover for six months to June 30, 1979, £567,600 (£488,000). Pre-tax profit £117,000 (£112,800) after depreciation £11,350 (£11,500). Tax £65,000 (same). Board says company has felt general decline of business due to fewer overseas tourists. Alteration in VAT has not helped by increasing prices during last four months of year.

CENTROVINCIAL ESTATES—Results for year ended March 31, 1979, reported September 5. Investment properties £46m (£63.36m). Dealing properties £1.55m (£2.57m). Current assets £3.25m (£2.59m). Total borrowing £25.64m (£41.1m). Meeting, 4-6 Savile Row, W., October 18, at 10.10 am.

CHRISTY BROS. (milling, mechanical and electrical engineers)—Results, year ended March 31, 1979, reported September 5. With advent of Avonmore Creameries contract and enhanced sales activities of Christy Electrical and industrial products division, second part of current year should see group return to a more acceptable level of profitability.

هكذا من الأصل

هكذا من الأصل

UK COMPANY NEWS

United Newspapers rises 16.8% in first six months

PROFITS BEFORE tax of United Newspapers were lifted by 16.8 per cent from £3.65m to £4.27m for the first six months of 1979. Turnover rose by almost 21 per cent to £32.78m, with about half this increase from advertising, where revenue went up by around 18 per cent and volume more than 7 per cent.

Lord Barnetson, the chairman, reports that trading has continued at a satisfactory level throughout the third quarter and estimated pre-tax profits for the 37 week period to mid-September stand at £5.53m, a rise of 20 per cent over the corresponding period of 1978.

The net interim dividend is raised by 38 per cent from 6.5p to 9p—last year's final was 9.23248p on £6.86m pre-tax profits.

Investment income for the six months increased from £228,700 to £314,500. After tax of £2.22m (£1 9m) and preference dividends, profits available for ordinary holders increased from £1.71m to £2.01m.

● comment

United Newspapers' interim pre-tax profits are up by 17 per cent which is good going given the industrial troubles in the early part of the year. With the third quarter under its belt profits so far this year are estimated to be up by a fifth and for the full year they could easily top £8m against £6.8m. Advertising rqevenue is up by 18 per cent and volume is higher by some 7 per cent. Once again it is the impressive rise in display advertising volume is up by a tenth) which is fuelling the profits growth. The last time there was an economic recession United Newspapers' profits slumped from £7.0m in 1973 to £3.6m in 1975 so there is an amount of uncertainty about the impact of any recession on future advertising revenue. However, the interim dividend has been raised by 39 per cent which is a fairly confident gesture. At 402p the shares yield a prospective 7.7 per cent.

Advance for Jove Investment

Gross revenue of Jove Investment Trust advanced from £406,252 to £502,753 for the half year ended August 31, 1979.

Earnings per 10p income share rose by 0.3p to 1.72p and the interim dividend is 1.75p (1.7p) net—total payments in the previous year were 3.65p on £1.02m gross revenue.

Tax for the six months took £140,034 (£118,541) and there were minorities of £40,101 (£27,564).

Net asset value is shown at 3.01p (2.9p) per 2p capital share and at 50.74p (50.4p) ex-dividend per income share.

Sizewell European

Including interest receivable of £50,223 against £44,566, gross revenue of the Sizewell European Investment Trust amounted to £838,875 for the year ended July 31, 1979, compared with £700,507 in the previous year.

Pre-tax revenue amounted to £347,940 against £286,132. Tax takes £164,149 (£131,760) giving earnings per share as 2.3p against 1.95p. The dividend is lifted from 1.8p to 2.1p.

Net assets at July 31 amounted to £7.71m (£8.66m), equivalent to 96.4p per share (108.2p) including 100 per cent of the investment currency premium.

Blue Bird dividend up 65%

AFFECTED by costs arising from the national road haulage dispute and depressed market conditions following the VAT increase, pre-tax profits of Blue Bird Confectionery Holdings dropped to £553,099 for the 53 weeks ended June 30, 1979, compared with the previous year's record £771,222. The midway result had fallen from £364,045 to £326,510.

However, despite the profits fall, the company is effectively lifting its dividend by 65 per cent from 2.29285p to 3.78p net, with a final payment of 2.52p. Stated earnings were down by 2.2p to 16.8p per 25p share.

Turnover for the 53 weeks increased to £10.9m (£9.9m for year), but trading profits were reduced from £943,587 to £769,918. Tax took £81,968 (£77,082 credit) leaving the attributable balance at £615,062 against £694,140.

The directors say the capital expenditure programme for the modernisation and expansion of the Hunnington factory is nearing completion.

Little change at Hall Thermotank

Pre-tax profits of Hall-Thermotank were virtually unchanged in the first half of 1979, at £1,368,000 compared with £1,372,000, on increased turnover of £38.1m, against £34.26m.

For the whole of last year, the taxable surplus reached a record £4.39m (£4m).

Tax for the half year took £686,000 (£664,000) — SSAP 15 has been adopted and comparisons restated. There is a minorities credit of £18,000, against a debit of £18,000.

The group, which is a subsidiary of APV Holdings, makes marine, industrial and commercial refrigeration, heating and ventilation equipment.

£20,624 loss by Sobranie

For the year ended February 28, 1979, Sobranie (Holdings) incurred a pre-tax loss of £20,624 compared with profits of £64,096 in the previous year. Turnover was reduced from £8.57m to £7.95m.

The loss is after a heavily reduced duty drawback on exports of £6,200 against £2.25m previously and associates profits, £19,820 (£21,254). Tax takes £9,868 against £84,082 and there are extraordinary credits of £14,220 (£53,630) and minority credits, £20,044 (£1,382 debit).

Loss per share is stated as 0.34p (0.66p) but a final dividend of 1.15p steps up the total from 1.76p to 1.82p.

The directors say trading results continued to reflect an improvement in the profits of the tobacco business but difficult trading conditions in the engineering division in the second half year caused an overall reduction in profits.

Rowan and Boden ahead at mid-year

With turnover, excluding VAT, some £1m higher at £5.81m, taxable profits of Rowan and Boden went ahead from £251,000 to £320,000 for the first half of 1979.

The directors say the full year's results will depend to some extent on the national economic situation. However, if the position can be reasonably contained, they expect the result should again show a further advance.

Last year, pre-tax profits were up from £430,217 to a record £604,277.

Tax for the six months takes £166,000 (£131,000), giving stated earnings of 3.81p (2.97p) per 25p share. The net interim dividend is lifted by 50 per cent from 0.6p to 0.9p—last year's final was 0.87142p.

Brent Chemicals rise to £1.5m in first half year

SALES of Brent Chemicals International in the first half of 1979 increased from £10.81m to £13.48m and pre-tax profits were higher at £1.45m against £1.25m.

Despite uncertainties of the international economic scene, the group is in a strong position to maintain its growth in any reasonable conditions and the long-term prospects remain favourable, the directors state.

First half earnings per share are stated as 6.6p against a restated 5.1p and the interim dividend is raised from 0.96686p to 1p on capital increased by the May rights issue. Last year's total was 3.96686p from pre-tax profits of £2.66m.

There were no major changes in the group's composition in the first half, but in line with stated objectives of increasing the group's international coverage the opportunity was taken to acquire a small business in West Germany, and in August a small company was acquired in Italy.

These will complement existing operations in those countries, the directors say.

	Half-year 1979 £000	Half-year 1978 £000
Sales	13,475	10,809
Operating profit	1,525	1,302
Interest payable	71	49
Profit before tax	1,454	1,253
Tax	611	614
Net profit	843	639
Minorities	21	21
Exchange loss	126	*43
Attributable	686	661

* Gain.

● comment

The effect of the harsh winter is that Brent Chemicals is effectively reporting on five months trading, rather than six. However the business background remains favourable. Some two-fifths of the group's business now arises overseas, so the continuing uncertainty in the UK—where Brent is being "mildly" affected by the engineering dispute—is not such a worry as it might have been. Its products are used by a good half-dozen different industries as a means of improving production efficiency—and they only represent a small part of the total cost. The current half-year is going well, and Brent continues to justify a premium rating. Its shares were marked down 12p to 248p yesterday, but this has frequently been the short-term response to figures from this company.

Airsprung set for around £1.2m

Reporting first-half 1979 taxable profits down slightly from £543,939 to £525,413, Mr. J. G. W. Yates, the chairman of Airsprung Group, bed manufacturers, says he is reasonably confident that the full year figure will be in line with the record £1.17m for 1978.

	Six months 1979 £	Six months 1978 £
Turnover	7,816,136	5,855,300
Trading profit	583,118	585,016
Interest	47,965	41,077
Share of assoc. losses	9,740	—
Profit before tax	525,413	543,939†
Tax	200,337	180,000
Profit after tax	325,076	363,939
Minority interests	3,884	4,300
Attributable	321,192	359,639

† Adjusted to conform with SSAP 15 provisions.

Turnover for the six months was ahead at £7.82m (£5.86m), but to support this increase, the chairman says the group was obliged to buy in components at additional cost because expansion of its own manufacturing facilities fell behind schedule.

Strenuous efforts are being made to catch up and it is hoped that this additional capacity will be brought on stream around the end of the year.

Earnings per 10p share were reduced from 6.4p to 5.6p, while to take account of lower income tax rate, the interim dividend is raised to 2.4p (2.3p), costing £88,526 (£46,647) after waivers—last year's total was 4.7p.

The company's shares are traded by M. J. H. Nightingale and Co.

Landsit issues 21.6m shares on conversions

A total of 21.6m ordinary 50p shares have been issued by Land Securities Investment Trust on conversion of loan stock.

In respect of £5.82m 5¾ per cent stock, 4,656,017 shares have been allotted on the basis of 80 for every £100 stock; in respect of £25.25m 6¼ per cent stock, 16,915,435 shares have been issued on the basis of 67 for each £100; in respect of £54,434 10 per cent stock, 31,027 have been allotted on the basis of 57 per £100.

As a result of the conversions, £4,437,503 of 5¾ per cent stock remains outstanding in respect of which conversion rights are exercisable in the years 1980 to 1983; £4,495,056 of 6¼ per cent stock with conversion rights in 1980 to 1985; and £20,937,951 10 per cent stock convertible in 1980 to 1990.

Following these conversions and the issue of 24,793 shares to the trustees of the LSIT 1979 Profit-sharing Scheme on August 31, the capital of the company now comprises 227.92m shares.

Elaine Williams on the Defense Department aid for the US electronics industry

Boost for American nuclear arsenal

MILLIONS OF U.S. Defence Department dollars are to be pumped into the thriving American electronics industry to provide faster, more accurate and deadlier delivery of the weapons in America's *nuclear arsenal.*

The U.S. electronics industry is acknowledged world leader in its field and the extra money —$200m—comes at a time when its rapid rate of developing silicon chip technology shows no sign of slackening.

The U.S. Department *of Defence is to inject the $200m* into the industry to speed up the design and development of extremely complex integrated circuits—tiny squares of silicon with microscopic markings capable of completing complex mathematical tasks in a fraction of a second. The Pentagon wants those *calculations carried out* even faster to improve the electronic brains of warheads.

It is rare for the U.S. Government to provide direct funds to industry for basic research of this kind. It is a sign that the U.S. is concerned about increasing foreign competition.

The spending comes at a time when other countries such as Britain, Japan, West Germany, and France have also committed considerable sums of money to encourage the growth of their own semiconductor industries. A confidential report sent to the Defence Department estimated that projects costing more than $1bn over a period of years are underway for such purposes outside the U.S.

The $200m is much the largest funding of the U.S. industry by the Defence Department since the 1960s. Apart from the growing foreign competition, the funding is inspired by the fact that commercial developments are not producing the kinds of systems which the military needs.

The Department is putting up the $200m over the next six years, into developing integrated circuits—silicon chips—which can carry out computations even faster than they do now. These very high speed integrated circuits are intended to create a new era of sophistication in electronic weaponry and defence systems.

Obtaining funding for the project has not been without difficulties because the House of Representatives Defence Appropriation Sub-committee—which approves defence spending—at one time threatened to cut $2.2bn off the 1980 defence budget, and wanted to axe the silicon chip programme completely.

But the Pentagon is particularly concerned that the project is launched. It is therefore highly likely that total funding will be approved.

When completed, the U.S. will have very high speed integrated circuits (VHSIC) capable of processing information extremely quickly. Not only will they be of immense value in military systems but they will also give a great number of commercial spin-offs for companies involved in the project.

The VHSIC project is a six-year programme—though it may stretch to eight years—split into four phases. In the first, due to begin in November, teams of companies or individual organisations will carry out detailed technological studies and submit proposals to the Department of Defence for achieving the aims of the phases that follow. Companies bidding for the contract have already applied for funding under the first phase.

Before the 1970s it was vast military spending which funded the most important technological breakthroughs in the electronics field. During World War II it funded research which was to lead to the invention of the transistor in 1948. In the late 1950s and early 1960s during the Cold War, the electronics industry received further finance under the Minuteman missile project. This produced the integrated circuits now famous as silicon chips.

Future needs

Later under the auspices of the U.S. space programme more money was supplied. However since the early 1970s semiconductor manufacturers have been concentrating their efforts on exploiting these developments *commercially. The* military contribution to their health and wealth has dwindled over recent years. But now the Defense Department feels that more pump-priming is needed to produce the highly sophisticated weaponry and defence systems of the future.

The U.S. electronics industry has not shown signs of maintaining the type of development required by the military even though the complexity of silicon chips doubles about once a year.

In 1965 the industry could put about 30 components on a chip. In 1975 the density of components reached about 30,000 and in 1978 with the introduction of a device called the 64K RAM, used for storing information, this rose to about 135,000 components. From 1980 on, some scientists believe that the doubling of chip density will take place every two years.

Individual companies have not had the resources to undertake such defence developments but now they have been offered an attractive package. It will give them money to fend off the growing strength of the Japanese, which many organisations have been concerned about.

In 1976 the Japanese Government through its Ministry of International Trade and Industry began a four year project with its electronics industry to develop very large scale integrated circuits to catch up with the U.S.—purely for commercial ends because the Japanese industry has no access to military funding.

The success or failure of that project will be seen from 1980 but already the Japanese have shown that they are likely to emerge from the programme with expertise in microelectronics which will rival the Americans.

Semiconductor technology today is at the stage where the size of individual components—called elements—etched on to the surface of a silicon chip using a printing type process is in the order of three to four thousandths of a millimetre.

After the initial study phase of the Department's programme which will last for a year and be carried out by six to nine selected companies, the Department of *Defense* wants to see the development of element sizes which are in the order of one thousandth of a millimetre. This three-year phase will be carried out by *about three to* four companies. This could effectively triple or quadruple the density of elements on a silicon chip although it is the speed at which a chip can work out problems which is the most important factor.

The next phase, lasting about three years, would carry this development further so that the thickness of elements fall below the one thousandth of a millimetre (one micron) level. A special projects phase will also run parallel with the other three phases and will allow development of innovative ideas generated in universities and industry.

To achieve the reduction in size of the elements on a chip will be beyond the capabilities of present manufacturing equipment. Semiconductor manufacturers will have to invest in new, expensive systems to achieve smaller chip size.

However, much of the work to make integrated circuits smaller will be done using present day processes.

But newer technologies—such as one known as silicon on sapphire, in which the silicon wafer on which the circuit is built up is replaced by a slice of sapphire, and a derivative of MOS called CMOS—offer smaller sizes and, more importantly, greater speed.

The $200m to be spent on the new programme will not cover the whole of the research and development costs and industry will have to raise the extra funds, but whoever gets the contract, the Pentagon decision could well help the U.S. semiconductor industry to beat off the growing competition.

BIDDERS FOR THE MICROELECTRONICS DEFENCE CONTRACT

GROUP 1	**GROUP 2**	**GROUP 3**
Westinghouse Electric	Motorola	Hughes
National Semiconductor	Univac	Signetics
Control Data		
Carnegie-Mellon Institute		
GROUP 4	**GROUP 5**	
Fairchild	Rockwell	
Varian	Sanders	
Raytheon		
INDIVIDUALS		
IBM	RCA	
TRW	General Instruments	
Western Electric	General Electric	

هكذا من الأصل

MINING NEWS

Lower gold prices would not worry GFSA

BY KENNETH MARSTON, MINING EDITOR

CONFIDENCE IN the continued role of gold as a major asset of central banks coupled with a cautious view of high gold prices is expressed by Mr. Adriaan Louw in his annual statement with the report for the year to June 30 of Gold Fields of South Africa.

His statement is dated September 7 when gold was standing at just over $300 per ounce prior to the recent accelerated advance to over $380 at one time; it closed at $377 yesterday.

Mr. Louw considered the price to be vulnerable and added that, "while it may be sustained at or even above $300 per ounce in the short term by continuing political and economic uncertainties, a reaction to lower levels in due course, will be neither unexpected nor should it create alarm."

After commenting on the improved productivity of the mines in the GFSA group Mr. Louw said that even if the price of gold were to average the same as in the year to last June—$231—the current year's earnings and dividend would be maintained.

As already reported GFSA boosted earnings in 1977-78 by over 63 per cent to R66.7m (£37.3m), equal to 435 cents (229p) per share. The dividend total rose to 225 cents from 135 cents and net assets at the end of August had increased further in value to R302.6m, or 6,050 cents per share.

London's Consolidated Gold Fields holds 46 per cent of GFSA which obtains over 80 per cent of its income from gold and uranium and is a major contributor to group revenue.

Clearly, if gold prices hold at anywhere near current levels GFSA income will take a major stride forward this year and indeed sharply increased dividends are already expected from the gold mines in the group's portfolio which are among the pick of South Africa's producers.

While gold and uranium income is set for a fresh rise, the group's big Black Mountain lead-silver-zinc-copper mine in the north-western Cape is about to start trial milling and is expected to build up to full capacity next year. A further base-metal deposit in the area has been explored and remains to be evaluated while, depending on political considerations, a coal deposit in Zimbabwe Rhodesia and one containing uranium in South West Africa may eventually be turned to account. Other diversification comes via the group's recently acquired stake in the Sasol oil-from-coal operations and in the group's exploration which takes in energy targets.

On the virtually certain prospect of a fresh rise in the dividend distribution for the current year the shares are not over-priced for believers in gold. Much higher prospective dividend yields are offered by shares of individual mines, but the lower GFSA return—currently 6 per cent—allows for the risk-spreading element of a diversified portfolio and growth prospects in new mines such as the Deelkraal gold mine which is due to start production in the current year.

ACM BUYS 9% OF NTH. KALGURLI

Australian Consolidated Minerals has purchased 9.1 per cent of North Kalgurli from Amax of the U.S. at a price of 33 cents (17.2p) per share.

Amax is ACM's largest shareholder with a 33 per cent stake. In London yesterday shares of North Kalgurli, which is planning to re-open its Western Australian gold mine, rose 3½p to a year's high of 25p.

Pioneer group seeks control of Nabarlek

AUSTRALIA'S Pioneer Concrete Service, the international quarrying and building products group, yesterday launched a sharemarket operation designed to gain control of the Nararlek uranium mining ventures in the Northern Territory, reports James Forth from Sydney.

Earlier this year Ampol Petroleum created interest when it bought an 8 per cent share in Kathleen Investments (Australia) from the Australian Industry Development Corporation.

KI owns 50 per cent of Queensland Mines, which operates the Nabarlek uranium mining venture. The Ampol move flushed out Pioneer which has long had a small holding in KI but began to increase its stake.

Yesterday Pioneer stepped into the market with an offer to buy 1m KI shares, or 8 per cent of the capital, at a price of A$6 (314p) per share. If successful this would lift Pioneer's interest to 20 per cent when account is taken of the group's recent purchases of Ampol and Queensland Mines.

However a quick riposte came in the shape of a report issued by the KI directors which valued the company at A$7.50 per share and Queensland Mines at A$8.72.

Honeymoon in S. Australia

THE QUEENSLAND mining groups, MIM Holdings and AAR have been quick to capitalise on the change of State government in South Australia. The two companies are working on proposals for a pilot scale on their relatively modest-sized Honeymoon uranium deposits, near Lake Frome.

The previous SA Labour government had placed a moratorium on uranium mining in line with Federal Labor policy, but the new Liberal Government is in favour of uranium development.

AAR, which is partly owned subsidiary of CSR, and MIM plan to hold talks with the government and hope to have a pilot plant operating within 12 months.

The Honeymoon deposit contains an estimated 2,500 tonnes of uranium oxide and full scale mining would require an investment of at least A$20m (£10.4m).

The partners' stakes are MIM, 51 per cent, AAR 21.7 per cent, the U.S.-owned Teton Exploration 25.5 per cent and Conzinco Riotinto of Australia 3.8 per cent.

Tax relief helps CAIL

HIGHER PROFITS of A$12.6m (£6.6m) for the year to June 30, compared with A$10.7m in the previous 12 months, are reported by Coal and Allied Industries (CAIL), the Australian coal producer which operates in New South Wales.

But the rise in profits reflected investment allowance tax concessions related to the development of a new A$60m open-cut mine in the Hunter Valley. Operating profits were lower in the period at A$12.1m compared with A$14.4m in 1977-78. The dividend, however, is held at 20 cents (10.5p)

Lower profits in the second half of the year resulted from cuts of A$2 per tonne in the price of coking coal sold to Japan and the explosion earlier this year which closed the West Wallsend No. 2 mine.

Active start for Heiton

The first four months trading in the current year have been active, says Mr. James Hoare, chairman of Heiton Holdings, the Dublin-based coal merchant and builders' provider.

He adds in his annual statement that he has every confidence in the group's ability to achieve the maximum return in whatever conditions may prevail for the remainder of the year.

As already known, taxable profits advanced 62 per cent to Irish £1.3m (£0.8m) in the year to April 30, 1979, on turnover 34 per cent higher at £23.21m (£17.32m). The dividend is raised from 2.8p to 4.1p net. A one-for-one scrip issue is also proposed.

The chairman says a professional revaluation at April 24, 1979, on land and buildings resulted in a £3m surplus over book value which has been credited to capital reserves.

Group fixed assets were up from £4.23m to £7.63m at balance date, while net current assets stood at £4.17m (£4.16m). Short-term debt totalled £300,000 (£50,000), and bank balances and cash were £188,127 (£464,618).

ELVICTA WOOD CLOSURE

Elvicta Wood Engineering, manufacturer of boxes and quality presentation cases in wood, has closed its Crickhowell factory which employs 46 people.

Because of a low level of orders, the company has been trading unprofitably for some time; and there is a lack of prospects in the foreseeable future.

NORTH AMERICAN NEWS

Moscow Narodny sued over Camino bank shares

BY JAMES BARTHOLOMEW

MR. AMOS DAWE, the Far Eastern businessman and former chief of the Mosbert Group, has filed a complaint against Moscow Narodny Bank and three others in the Superior Court of California.

The complaint, similar to a writ in English law, is the latest in a series of legal battles between Moscow Narodny Bank and Mr. Dawe, who was one of the Russian-owned bank's biggest borrowers.

In his complaint, Mr. Dawe claims that he, Moscow Narodny, Mr. Y. T. Chou, Mr. S. C. Chang and Mr. Han Tat Fong (the other defendants) agreed that Mr. Dawe should supply $711,836 to Messrs. Chou and Chang in April 1974. The funds were allegedly to be used to buy shares in Camino California Bank. The shares were to be in the names of Messrs. Chou and Chang but these defendants were meant to execute a written trust naming Mr. Dawe as the beneficial owner, it is claimed.

Mr. Dawe says in the complaint that he believes the shares were in fact purchased and he was told by Mr. Chou in July 1976 that a written trust had been created. But in November 1977 he was allegedly told by Mr. Chou that a trust had not been created.

In his complaint Mr. Dawe alleges five causes of action—conversion, fraud, breach of contract, constructive trust and common count.

Mr. Dawe claims damages of $711,836 plus interest and punitive damages of $5m on the first two counts, damages of $711,836 plus interest on the third and fifth counts, and return of all right interest and money derived from the Camino California Bank's shares or $711,836 plus interest on the fourth count.

Consolidated Foods alters role

BY OUR FINANCIAL STAFF

ACQUISITIONS and divestitures will play a much less prominent role in the future for Consolidated Foods, according to Mr. John H. Bryan, the company's chairman. Since 1976, Consolidated Foods has sold 50 of its subsidiaries in 15 different countries, representing 20 per cent of business.

The company is to concentrate on internal growth and on strengthening its existing businesses.

Mr. John J. Cardwell, president, said that most of Consolidated's existing product lines are recession-proof, particularly packaged foods, which were not affected by the 1974-75 economic slowdown. The Hanes division, which was acquired in January, 1979, had also showed increased earnings during the last recession. Hanes is a major factor in men's and boys' underwear and women's hosiery.

Consolidated expects that net earnings for fiscal 1980 will be over $4 per share, compared with $3.60 a share in 1979. Earnings for the first quarter to September 30 are expected to be about 15 per cent up on the 88 cents recorded for the comparable period of 1979. Sales are forecast to rise from last year's $4.7bn to more than $5bn.

Mr. Bryan said that the company will continue to increase its dividends, but not at the same rate of growth as its earnings. The dividend, which is currently 40 cents a quarter, is equal to about 43 per cent of Consolidated's earnings per share, but this ratio is to be reduced gradually to 40 per cent.

Capital expenditures are expected to rise during the current fiscal year from last time's $114.3m to some $140m.

Bethlehem Steel cuts expected to continue

CHICAGO—Mr. Lewis W. Foy, chairman of Bethlehem Steel, said yesterday that the corporation's plants were currently operating at 84 per cent of capacity, down from about 90 per cent in the first half.

Mr. Foy, who is also chairman of the American Iron and Steel Institute, said that Bethlehem had "a couple of hundred" workers laid off and cutbacks could continue in the fourth quarter if business did not pick up.

He revised downwards the steel industry's projected shipment for this year to 99m tons from about 101m tons because the industry was experiencing "a big fall-off" in demand from the car and appliance industries.

However, the demand for steel in the heavy construction and manufacturing sectors of the economy was "continuing to be strong," he said. This had been "a good help" to the industry.

Because the capital goods markets were still "holding their budgets" and because "we don't see any excessive inventory build-up" among buyers the recession "may not be a serious one."

Even so, Mr. Foy estimated that the declining third quarter order rate would "continue to fall" in the fourth quarter which is expected to be the lowest quarter for industry shipments this year.

Mr. Foy declined to forecast 1980 industry shipments, but said the year would not be nearly as strong as this year. The 1980 first quarter would start off weaker than in 1979, due to the economic slowdown.

He added that imports this year were expected to total 16m to 17m tons, down from about 21m tons last year.

Agencies

Fox forecasts growth in third quarter

By Our Financial Staff

FILM PRODUCER and distributor Twentieth Century-Fox Film expects its performance for the third quarter to be at least as good as last year, according to Mr. Edwin A. Bowen, the company's senior vice president finance. Fox earned $18.4m or $2.26 a share on revenues of $161m in the corresponding period of last year, boosted by the continuing success of the film Star Wars.

The company disclosed separately that it was in what it called serious discussions with Mr. Alan J. Hirschfield, a former president and chief executive of Columbia Pictures Industries.

General Mills predicts peak sales and income

BY OUR FINANCIAL STAFF

GENERAL MILLS predicts record sales and earnings for the second quarter, following a flat performance in the first quarter just ended. The company, which is a leader in the packaged food industry, has diversified through acquisitions recently, and analysts expect this diversification, along with the strength of its established products, to maintain profits growth.

Net income for the first quarter slipped from $43.2m or 86 cents a share to $42.8m or 85 cents, on sales ahead from $906.6m to $973m. The latest period included a loss from foreign currency translation of £2.2m or 4 cents a share compared with a gain last time of $800,000 or 2 cents.

In addition, the Lifo method of accounting reduced the net income figure by some $2.5m or 5 cents a share.

The company plans record fiscal 1980 expenditures of $185m, up more than 20 per cent from the previous year. About 40 per cent is to be directed to food processing, 30 per cent for restaurants, 15 per cent for creative products and 15 per cent for other consumer business. All expenditure will be financed internally.

Profits upturn at papermaker

By Our Financial Staff

EARNINGS OF paper and packaging group, Hammermill Paper, continue to recover. Net income for the third quarter of 1979 is 32 per cent higher at 79 cents a share, lifting earnings for the first 36 weeks of the year to $2.72 a share, an increase of 35 per cent.

Sales for the quarter are 19 per cent higher at $242.6m.

INTERNATIONAL CAPITAL MARKETS

New FRN model for Swedish loan

BY FRANCIS GHILES

CREDIT SUISSE First Boston yesterday announced a new, improved model of its "drop lock bond"—a floating rate note which converts automatically into a fixed rate Eurodollar bond when a certain pattern of interest rates becomes established.

The Kingdom of Sweden is to raise $150m for 12 years through a floating rate note paying ¼ per cent over the mean of the three-month bid and offered interbank rate. This bond will convert into 9 per cent bond, with a semi-annual coupon payment, if the weekly average rate for ten-year U.S. Treasury bills, as published by the Fed, drops to 8¼ per cent or lower on two successive fixing dates for the floater.

The main difference between this formula and that adopted by CSFB for a similar bond earlier this year for TVO Power of Finland is that the transformation into a fixed rate bond is dependent on the movement of long term rather than short term dollar rates.

Mr. David Potter, managing director of CSFB, explained that this should protect investors from a sudden dip in short rates which, in the previous formula, might land bondholders with a long-term coupon inferior to other opportunities in the market.

Investors should be further protected by the stipulation that the long-term rates necessary for conversion must hold for two fixings before the transformation takes place.

The ¾ per cent differential between the bill rate and the fixed coupon is apparently the historic mean spread between ten-year U.S. bills and Kingdom of Sweden ten-year yields. It is because of this comparison with U.S. domestic paper that the Eurobond will pay interest bi-annually.

"We have not been able to invent the wheel overnight," Mr. Potter explained, "but we think this version is fairly round."

The $30m 12-year FRN issue for Hill Samuel Group was launched by Morgan Stanley last night. Indicated terms include an interest rate of ¼ per cent over the six month Libor rate with a minimum coupon of 5¼ per cent.

Trading in the secondary straight dollar market remained at a low level. The market tried to talk prices up yesterday morning but most bonds closed at the same level as Monday night. There has been a notable easing of Eurodollar interest rates in the past week.

But a note of caution was sounded when the market learned of the $1bn-worth of notes and debentures which IBM announced it will be seeking to place in the New York market.

The realignment of currencies within the European monetary system has so far had no noticeable effect on the demand for stronger currency Eurobonds. The latest Deutsche-Mark foreign bond offering is a DM 100m ten-year public issue for Oesterreichische Kontrollbank, through Dresdner Bank. The borrower is paying a coupon of 7¼ per cent with pricing expected at par.

The aforementioned Austrian bank has just completed a SwFr 100m 12-year public bond through Wirtschafts und Privatbank. The borrower is paying a coupon of 4¼ per cent and the issue has been priced at par.

Norwegian borrowers continue to raise large amounts of Swiss franc-denominated bonds. The Kingdom of Norway has just completed a SwFr 100m five-year 4¼ per cent private placement through Credit Suisse at par.

The KD4m ten-year bonds issue for Asea, the manufacturer of heavy electrical equipment has been priced at 99¾ by the lead manager, Kuwait International Investment Company. The borrower, the first Swedish name to borrow in this sector of the market, paid a coupon of 8 per cent.

The European Investment Bank has just completed a placement of bonds in the Belgian franc market through Societe General de Banque. The amount of this issue is BFr 2.5bn and the maturity eight years. The borrower is paying a coupon of 9¾ per cent and the bonds have been priced at 99¾ to yield 9.80 per cent.

Sudan and creditors to review debt

By Our Euromarkets Staff

A WIDE review of Sudan's commercial foreign debt, which is estimated at up to $1.5bn, will be held in London tomorrow by a Sudanese Government delegation and its major correspondent banking creditors.

The Sudanese side will be represented by Mr. Badr al-Din Suleiman, the Finance Minister, and Mr. Hassan Bashir, deputy governor of the Central Bank.

The $1.5bn debt total includes various export credit agency facilities, and supplier credits, as well as commercial bank debts, on which arrears have built up.

The meeting will also examine the current state of Sudan's finances in the light of the country's protracted economic crisis, according to bankers close to the negotiations.

The discussions are not expected to result in any specific measures. But it is understood that the feasibility of a partial refinancing of Sudan's commercial bank debt, involving an alteration of current terms and conditions of its loans, will be examined.

Western banks are keen to avoid any possibility of a declaration of a formal moratorium on Sudan's debt, and instead prefer a formula under which the country can continue servicing its debt on a less arduous basis.

Any refinancing arrangements will nevertheless have to have a firm "commercial basis," according to bankers.

The review of the Sudanese economy will also take into account the latest cash flow position, following recent decisions in Khartoum to lift controls on foreign exchange flows and to introduce a two-tier exchange rate system.

While the Bank of Sudan was expecting a net outflow of funds during the first month in which the measures came into force, the actions are designed to release constraints on the economy.

Western banking creditors have refrained from declaring Sudan in default on its foreign loans, although arrears on debt principal and interest servicing have built up from time to time over the last couple of years.

A delegation from the International Monetary Fund arrived in Khartoum earlier this month for a complete review of the country's position, while consultations on the re-scheduling of all commercial debt have been going on with the Club of Paris, an informal forum of creditor and debtor nations.

SEC defended on market system plans

WASHINGTON — Mr. Harold Williams, chairman of the SEC, yesterday defended the Commission's policy for a measured evolution, rather than rapid development, of the national market system.

Testifying at hearings on national market system progress, the SEC chief noted that a totally automated trading system might produce annual savings of $100m through reduction of errors and improved efficiency in executing securities transactions.

However, such a system "would probably result in the elimination of exchange markets and the replacement of that structure by an untested and untried system," he warned.

Although Mr. Williams supports the agency's policy for a measured evolution rather than rapid development of the national market system, the SEC currently is following two lines of national market system development — a gradually closer linking of existing stock exchanges, and a test of a totally electronic trading system by the Cincinnati Stock Exchange.

However, the General Accounting Office and other critics contend that the SEC should lay out its ultimate national market objectives and settle on a single approach.

Agencies

Ortoli borrowings to start soon

BY JOHN EVANS

THE start of borrowing operations on the international capital markets by the European Economic Community, under the so-called Ortoli 1bn European unit of accounts ($1.36bn) financing facility is expected within the next few days.

This follows the first loans from the resources of the new Community facility which were announced in the middle of this month. Credits for a total of EUA 231.7m ($316m) were pledged to Britain, Ireland and Italy, according to an EEC announcement on September 17.

These loans have been committed, but the funds will only be available when they have been raised.

The EEC Commission, acting in the name of the EEC, is expected to launch its borrowings on markets which the various Community financing agencies, such as the European Investment Bank and Euratom, have "traditionally employed," according to EEC officials.

The amounts being raised have not yet been specified, but will probably meet most of the sum announced earlier this month. Several currencies will be involved.

The Ortoli facility was first proposed by the Commission in mid-1977 as a way to stepping up EEC action to tackle unemployment, sluggish investment and insufficient convergence in national economic performance.

The idea is that the EEC use its own credit-standing to raise funds on the capital markets which can be employed for investment, additional to the sums provided from other Community sources of finance.

The EEC Council approved the scheme in principle last October, and gave the Commission authorisation to raise up to EUA 1bn in the name of the EEC.

Last May, it specified that the first tranche of the borrowings should be for up to EUA 500m and go to infrastructure development and the energy sector.

However, well-placed bankers believe that the first of the Ortoli borrowings will be on a fairly minor scale.

This is partly due to the recent volatility of the international capital markets, and the currency unrest which has just resulted in a realignment of the European Monetary System.

The favourite candidate for the opening loans is likely to be the Deutsche-Mark bond market, according to bankers. However, the dollar bond markets, composed of the Eurobond and the "Yankee" bond markets in New York and Europe, have been traditionally used by the various EEC financing agencies, they noted.

Such EEC fund-raising has been usually channelled through fixed-interest securities, although there has been recent speculation that, with increasing capital requirements, some EEC bodies could start to use floating interest-rate instruments.

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. For further details of these or other bonds see the complete list of Eurobond prices published on the second Monday of each month. Closing prices on September 25

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Alcoa of Australia 10 89	60	95	95½	−0⅛	−0⅛	10.80
Alex Howden XW 9½ 91	30	†78	80	0	0	13.08
Australian Res. 9⅝ 84	30	95½	96	−0½	−0½	10.78
Avco O/S Cap. 10½ 87	40	89½	90	−0⅛	−1¼	12.37
Beneficial Fin. 9½ 87	100	95½	96	0	0	10.85
CECA 10¼ 91	150	93¼	93⅞	−0⅛	−0½	11.78
CECA 9⅞ 99	125	†89	89½	0	−0⅛	11.41
Canadian Pacific 9⅜ 89	50	95¾	96¼	−0⅛	+0¼	10.41
Carter Hawley 9⅜ 86	50	94¼	94¾	0	+0⅛	10.92
Comalco Inv. E. 10¼ 91	40	96¾	97¼	0	0	10.72
Continental Grp. 9⅜ 88	100	96	96½	0	+0¼	10.41
Dome Petroleum 10 94	50	93⅜	94¼	+0¼	+0¼	10.84
[illegible]	[illegible]	96⅞	97¼	+0¼	+0¼	11.11
Dow Chem. O/S 9⅝ 94	200	95	95½	0	−0⅛	10.25
[illegible] 98	150	96⅝	97¼	−0⅛	−0¼	10.54
EIB 9⅞ 99	100	96⅝	97¼	−0¼	+0⅛	10.81
EIB 9⅞ 87	150	97⅛	98⅛	0	0	10.49
EIB 10 99	150	97¾	98¼	−0¼	0	10.51
Export Dv. Cpn. 9⅝ 84	100	95⅞	96⅜	−0¼	−0¼	10.36
Export Dv. Cpn. 9⅜ 84	150	97⅜	98¼	0	+0¼	9.81
Finland 9½ 86	100	93⅞	94⅛	−0¼	−0⅞	10.78
Finland 9⅝ 89	100	95¼	95¾	−0¼	−0½	10.63
GTE Finance 9½ 84	50	95⅜	95⅞	+0⅛	+0⅛	10.64
GTE Finance 9⅛ 89	65	92⅞	93⅜	+0⅛	+0¼	10.94
General Motors 9⅜ 89	100	94⅝	95⅛	−0⅛	−0⅛	10.33
Gould Int. Fin. 9¾ 85	50	96	96½	+0⅛	−0⅛	10.66
Hoechst Fin XW 6¾ 89	125	†77	77¾	+0⅛	−0⅛	10.58
Hudson Bay Co. 10 94	50	96¼	96¾	0	+0¼	10.54
ITT Antilles 9½ 89	75	92½	93⅛	0	+0⅛	10.68
Kennecott Int. 9½ 86	100	90½	91	0	−0¼	11.54
Manitoba 9½ 89	75	93½	94	−0⅛	−0½	10.55
Michelin 10 94	125	94⅞	95⅜	0	−0¼	10.66
Nat. Des Telecm. 9½ 86	100	95⅜	96⅛	+0⅛	0	10.38
New Brunswick 9⅜ 84	75	93⅛	93⅝	0	0	10.65
Newfoundland 10 84	50	96⅜	96⅞	0	−0¼	10.48
Norges Komm. 9⅞ 99	100	97½	98	−0¼	+0¼	10.40
Norway 9¼ 84	150	98½	99	−0⅛	−0⅛	10.38
Norway 9⅞ 84	150	96½	97	0	+0¼	10.39
Nova Scotia Pwr. 9⅝ 89	50	94⅜	94⅞	0	−0⅛	10.65
Occidental Fin. 10¼ 84	50	96¼	96¾	+0⅛	−0⅛	11.22
Orient Leasing 9½ 86	25	92½	93	−0⅛	0	11.06
Pennwalt O/S F. 9⅝ 84	25	96⅝	97⅛	0	+0⅛	10.80
Pepsico Cap. 8⅞ 84	100	95⅝	96⅛	−0⅛	−0⅛	10.28
Portland 10 84	50	94⅞	95⅜	0	−0⅞	11.42
Quebec Hydro 10 99	75	92¼	92¾	−0⅛	−0¼	10.93
Redland Fin. XW 9½ 91	25	85¼	87	+0⅛	−1¼	11.74
Sears Roebuck 9 82	150	95⅞	96⅜	−0⅛	−0¼	10.87
Statoil 9⅝ 89	100	94⅜	95¼	0	0	10.45
Stockholm 9⅝ 84	60	96⅝	97⅛	−0⅛	−0⅛	10.42
Sweden 9⅜ 89	100	95¼	96⅜	−0⅛	−0⅛	10.41
Sweden 9¼ 86	200	96⅛	96⅞	−0⅛	−0⅛	10.48
Sweden 9½ 84	100	97⅜	98⅛	0	+0⅛	10.31
Unilever NV 9¼ 87	100	94⅞	95¼	+0⅛	−0¼	10.20
Warner-Lambert 9 84	100	94⅞	95⅜	−0⅛	+0⅛	10.32

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Argentina 7¼ 89	150	95⅛	95⅝	0	+0½	8.18
Asian Dev. Bk 7¼ 89	100	98⅜	98⅞	−0⅛	+0¼	7.45
Banco Desarrollo 7¼ 86	100	†94⅛	94⅝	0	+0⅛	8.40
Barclays O'seas 6¾ 89	100	97	97½	−0⅛	−0¼	7.16
Brazil 7¼ 87	150	96½	97	+0½	+1	7.84
Brazil 8 87	150	100	100½	0	+0¼	7.95
CECA 7 91	150	†97½	98⅛	0	+0¼	7.19
Council of Eur 7¼ 89	100	98½	99	−0¼	−0⅛	7.43
Denmark 5¾ 85	100	†94	94½	0	−0⅛	7.07
Denmark 6½ 89	100	†94⅜	95⅛	+0½	+0¼	7.25
EIB 6¾ 91	200	92⅞	93⅜	0	−0⅛	7.42
EIB 7½ 89	200	100¼	100⅝	−0¼	+0⅛	7.44
Petrobras-Brazil 7 87	100	96½	97	0	+0⅛	7.58
Eurofima 6¾ 89	100	98⅜	99⅜	+0⅛	−0⅛	6.66
Mitsubishi Chem. 6½ 84	70	100	100½	−0⅛	+0⅛	6.42
New Zealand 6¾ 87	200	94⅛	94⅝	0	+0¼	7.24
New Zealand 7¼ 87	200	97⅞	98⅜	−0½	−0½	7.44
Nippon Kokan 6½ 84	100	97¾	98¼	−0⅛	[illegible]	[illegible]
Nippon Tel. & T. 5¾ 87	100	92	92½	−0⅛	−0⅛	6.87
Nordic Inv. Bk. 6¾ 86	60	95	95½	−0⅛	+0¼	7.21
Norges Komm. 7¾ 91	150	102⅝	103⅛	−0⅛	+0⅛	7.37
Norway 6¼ 84	200	99⅝	100	−0⅛	−0⅛	6.30
OKB 6¾ 88	100	96⅜	97⅛	+0⅛	0	6.95
OKB 6 87	40	†94⅞	95⅛	−0⅛	+0⅛	6.88
Tokyo Elec. Pwr. 6½ 85	200	98⅛	98⅝	+0⅛	+0⅛	6.82
World Bank 7¾ 91	400	100⅝	101⅛	−0⅛	−0⅛	7.61

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Argentina 5½ 89	80	103½	104	+0⅛	+1½	4.99
Asian Dev. Bank 3½ 94	100	86¼	86½	+0⅛	+1¼	4.83
Aumar 5 89	60	101⅞	102⅛	0	+0¼	4.74
Australia 3⅞ 89	250	95⅜	95¾	0	0	4.77
Bergen, City of 4¾ 91	40	104½	104¾	−0⅛	+0⅛	4.24
BNDE 5 89	75	95⅜	95⅝	−0¼	+0⅛	5.61
Caisse Nat. Tele. 4½ 89	100	†102¼	102¾	+0⅛	+0⅛	4.06
Canada 3¾ 89	300	98¼	98⅝	−0⅛	0	4.07
Council of Eur. 4¼ 90	100	101½	102	0	0	4.04
Denmark Mt. Bk. 4¾ 91	80	100⅝	100⅞	0	0	4.67
EIB 4½ 91	100	101¼	101½	0	−0⅛	4.35
EIB 4⅜ 94	100	98⅛	98⅜	+0⅛	+0⅛	4.54
Elet. de France 4⅜ 89	100	101½	102	−0¼	−0¼	4.14
Heron 4⅝ 89	35	96½	96¾	−0¼	+0¼	4.70
ICI Fin. NV 3½ 94	230	90⅜	90¾	−0¼	−0½	4.42
Int.-Amer. Dev. 4¼ 89	100	100⅜	100⅞	+0¼	+0¼	4.40
New Zealand 3½ 94	120	89¼	89⅝	+0⅛	+0¼	4.52
Nordic Bank 5 89	45	103½	103¾	0	+0½	4.56
OKB 3⅞ 91	100	92½	92¾	0	+0½	4.63
Pfand Ost. Lande 4 90	80	94⅞	95⅞	+0½	+0⅛	4.61
Philippines 4¾ 89	50	97¼	97½	−0⅛	−0⅛	5.10
Shikoku El. Pwr. 4¾ 89	100	102⅝	102⅞	0	+0⅛	4.45
Sogin 4 91	100	95	95⅜	0	+0⅜	4.55
Stewedo 4½ 91	60	103⅞	104⅜	−0⅛	−0⅛	4.31
Voest-Alpine 4¾ 89	90	103⅞	104½	0	0	4.24
World Bank 4¾ 89	100	102⅝	102⅞	−0⅛	+0⅛	4.28
World Bank 4½ 89	150	100⅝	100⅞	+0⅛	+0⅛	4.34

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Australia 5.6 83	30	92⅞	93⅞	−0¼	−0⅛	7.60
Australia 6½ 88	20	89¾	90½	−0⅛	−0⅛	8.18
EIB 7¾ 89	12	98⅜	98⅞	−0⅛	+0⅛	7.93
Finland 5.6 83	10	92	93	−0⅛	−0⅛	7.85
Finland 6.8 88	10	90⅜	91⅛	0	0	8.42

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Nordic I. Bk. 9 84 SDR	20	96⅜	97⅜	0	−0⅛	9.78
Avco Fin. 10½ 86 C$	25	91	91½	0	−1½	12.22
Bell Canada 10¼ 86 C$	60	97⅞	98⅜	−0⅛	−0⅛	11.15
Cr. Foncier 10½ 84 C$	30	93½	94	0	−0¼	12.12
Ex. Dev. Cpn. 10 84 C$	50	95⅛	95⅝	−0⅛	−0⅛	11.11
Fst. Can. Inv. 10 84 C$	60	93¼	93¾	0	−0⅛	11.86
Hudson Bay 10½ 89 C$	60	94⅝	95⅛	0	−0⅞	11.36
Quebec 10¼ 86 C$	50	93½	94½	0	−0½	11.80
R. Bk. Canada 10 86 C$	40	94⅝	95⅛	+0¼	−0⅛	11.05
R. Bk. Canada 10 84 C$	40	91½	92	−0⅛	−0¼	11.17
Copenhagen 8¾ 91 EUA	25	*96⅛	97⅛	0	+0⅛	8.62
Copenhagen 8⅝ 91 EUA	20	—	—	—	—	—
SDR France 8½ 94 EUA	24	*98⅜	99⅛	0	+0¼	8.68
[illegible]TE 8¼ 89 EUA	40	*93⅛	95	0	+0⅛	9.14
Algemene Bk. 8½ 84 Fl	75	97½	98	0	0	8.93
Amev 8½ 86 Fl	75	97⅜	98⅛	+0⅛	−0⅛	8.89
CFE Mexico 7½ 83 Fl	75	96⅜	97⅛	−0⅛	−0⅛	8.69
EIB 7¾ 85 Fl	75	92⅜	92⅞	−0⅛	−0⅛	8.94
Ned. Middbk. 8½ 84 Fl	75	97⅜	97⅞	+0⅛	−0⅛	8.89
Norway 8¼ 84 Fl	100	97½	98	−0⅛	−0⅛	8.88
Air France 11 84 FFr	120	99½	99⅞	+0⅛	+0⅛	11.23
Euratom 9¾ 87 FFr	150	90⅜	91⅛	+0⅛	+0⅛	11.63
Norway 9½ 84 FFr	200	92⅝	93⅜	0	+0⅛	11.24
PSA Peugeot 9¾ 87 FFr	175	89¼	90¼	0	−0⅛	11.89
Renault 9¾ 85 FFr	100	91⅞	92⅞	+0⅛	−0⅛	11.61
Saint-Gobain 9½ 86 FFr	130	89½	90¼	+0⅛	−0⅞	12.05
Solvay et Cie 9¾ 87 FFr	125	89⅝	90¼	+0⅛	−0⅛	11.86
Total Oil 9⅞ 87 FFr	150	87⅜	88½	+0⅛	−0⅛	11.94
Citicorp 10 93 £	20	84	84½	0	−2	12.42
EIB 9¾ 88 £	25	88½	89⅜	0	−0⅛	11.89
EIB 11½ 91 £	25	93	93¾	+0⅛	0	12.59
Finance for Ind. 13 91 £	15	100	100½	−0⅛	−0⅛	12.92
Fin. for Ind. 12½ 89 £	30	96⅞	97⅜	−0⅛	−0⅛	13.01
Gen. Elec. Co. 12½ 89 £	50	97⅛	97⅝	0	−0⅞	12.96
Indonesia 8¾ 91 KD	7	†97	97½	−0½	−0⅛	9.13
Mitsubishi 7½ 84 KD	10	†96	96¾	0	−0¼	8.43
Norges Kom. 7½ 89 KD	12	†95⅞	96⅞	0	−0⅛	8.06
Occidental 8⅞ 91 KD	7	†94½	95	−0⅛	−0⅛	8.98
Euratom 8 87 LuxFr	500	95⅞	96⅞	+0⅛	−0¼	8.68
Norges Kom. 8 86 LuxFr	500	95⅛	96⅛	+0⅛	−0¼	8.84
Oslo, City of 8 89 LuxFr	500	96⅛	97⅛	−0⅛	−1⅛	8.52
Solvay Fin. 8 86 LuxFr	500	96½	96½	+0⅛	0	8.87

FLOATING RATE NOTES	Spread	Bid	Offer	C.dte	C.cpn	C.yld
BNDE 6 88	0¾	†96⅝	97⅛	21/9	11¼	11.49
Banco di Roma Int. 6 87	0⅝	98¾	99¼	26/10	11.19	11.30
Bco. Nac. Argent. 7 86	0¾	97⅞	98⅜	22/9	11½	11.70
Banco Prov. BA 7¼ 86	0¾	97⅞	98⅜	12/6	11	11.21
Banco Urquijo 6 86	0¾	98⅜	98⅝	21/9	11½	11.69
Bque. Indo Suez 5¾ 89	0¼	98¼	98⅞	11/1	11	11.15
Banque Sudameris 6 87	0⅞	96⅞	97¼	11/1	11⅛	11.45
BNP 5½ 91	0¼	98⅜	98⅝	22/2	11.94	12.13
Citicorp O/S Fin. 6 94	‡0¼	99⅞	100⅛	8/9	10.69	10.67
Citicorp O/S 83	‡0	99⅝	100⅛	23/2	12.81	12.83
Creditanstalt 5½ 91	‡0¼	99	99½	14/9	10⅞	10.96
GZB 5½ 89	‡0¼	98⅜	98⅞	1/11	11.44	11.61
Jugobanka 8 89	0⅞	95⅜	96⅛	23/11	11⅞	12.42
LTCB Japan 5½ 89	0¼	98⅝	99⅛	7/12	11⅛	11.25
Mfrs. Han. O/S 5¾ 94	‡0¼	99¾	100¼	23/11	12.56	12.56
Nacional Fin. 6¾ 86	0¾	97⅜	98⅛	25/1	11½	11.73
Nat. West. 5¾ 94	0¼	98½	99	11/10	11	11.14
Nippon Cred. Bk. 5½ 85	0⅜	98½	99	22/12	10.94	11.08
Nippon Cred. Bk. 6½ 86	0⅜	97⅝	98⅛	12/1	10⅞	11.11
Petro Mexicano 7 84	0¾	98⅝	99⅛	24/1	11.44	11.55
Royal Bank Scot. 5¾ 94	‡0¼	98½	99	11/10	11	11.14
Sogenal 5¾ 89	0¼	97½	98	11/1	10.94	11.19
Texas Int. Airways 7 86	‡0¾	*96¾	97¼	11/10	11.56	11.92
Trade Dv. Fin. Srv. 6 85	0¼	†96⅝	97⅛	21/2	—	—
TVO Pwr. 9 91 (D-lock)	0¼	97¾	98¼	24/11	11⅛	11.35
Utd. Overseas Bk. 6 89	‡0¾	97⅞	98⅜	28/9	11.14	11.35
Williams & Glyn 5¾ 91	0¼	98⅞	99¼	14/3	—	—
Bq. E. d'Alg. 4¾ 89 SF	0¼	96⅛	96⅝	18/12	4¼	4.42

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
Asahi Optical 7 94	11/79	605	98	98¾	−0⅛	0.00
AGA Akt'bolag 7¾ 89	10/79	145	92⅞	93⅞	+0⅛	−2.28
Canon 6¾ 94	8/79	570	101½	102	+0⅛	−2.46
Ciba-Geigy O/S F. 4 94	9/79	675	95½	96½	+0⅛	−0.76
Credit Suisse 4½ 93	10/79	1325	109½	110⅛	+1½	1.37
Esselte 7¼ 89	9/79	159	96¼	97	0	6.07
Honda Motor 5½ 89	5/79	532	101½	102¼	+0⅛	−1.81
LPC International 8 89	9/79	35	102½	103¼	−0⅛	5.13
Nitto Elec. Ind. 6 94	7/79	736	94½	95⅛	−0½	3.66
Union Bank Switz. 5 89	2/80	125	112½	113½	+2¼	8.83
Fujitsu 5 84 DM	7/79	475	101½	101⅞	+0¼	20.82
Kansai Elec. 4 84 DM	4/79	1350	†88	89	−0⅛	54.15
Marudai Food 3½ DM	2/79	1033	81½	81⅞	−0⅛	50.32
Nippon Yen. 3½ 85 DM	1/79	251	†98½	99¼	−0⅛	−1.49
Sharp Cpn. 3½ 88 DM	2/79	487	95⅞	96½	+1	7.65
Tokyo Elec. 3½ 87 DM	4/79	476	†95	95½	−1	51.75
Tokyu Ld. Co. 4 86 DM	4/79	493	†82¼	83¼	−0½	32.91
Uny Co. 6½ 85 DM	11/79	1071	101½	102¼	−0⅛	13.62

* No information available—previous day's price.
† Only one market maker supplied a price.

Straight Bonds: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week = Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C.dte = Date next coupon becomes effective. Spread = Margin above six-month offered rate (‡ three-month) for U.S. dollars. C.cpn = The current coupon. C.yld = The current yield.

Convertible bonds: Denominated in dollars unless otherwise indicated. Chg. day = Change on day. Cnv. date = First date for conversion into shares. Cnv. price = Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem = Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

هكذا من الأجل

Deutsche Bank plans rights issue

By Andrew Fisher in Frankfurt

DEUTSCHE BANK, the largest bank in West Germany, yesterday announced plans to raise DM 296m ($167m) through a rights issue, at the same time assuring shareholders that the profits decline of the first six months was now being reversed.

The issue will bring the bank's share capital up to DM 1.114bn. Shareholders are being offered the new shares at a price of DM 200, a sizeable discount on Monday's closing level of DM 275.50.

The new shares, allotted on a one-for-15 basis, will rank for dividend from July 1 of this year, though the actual issue is not being made until October. As well as existing shareholders, holders of warrants attached to the $125m loan raised in 1977 by the Luxembourg subsidiary may also participate.

The move follows shareholders' approval at the annual meeting in May of Deutsche Bank's request for powers to raise the share capital by up to DM 200m in nominal terms. The bank described the increase as being in line with its policy of adjusting capital to its business progress in small steps

Deutsche Bank said that it needed the extra capital to take advantage of developing market opportunities and to ensure the continuing growth of its business.

Operating profits slipped during the first six months by around 6 per cent compared with same period of 1978, but performance since June has returned to favourable levels.

The bank lifted its net profits last year by nearly 9 per cent to DM 307.2m, out of which it paid an unchanged dividend of DM 9 per DM 50 nominal share.

Despite this record profits level, however, the bank has expressed concern over the fact that actual operating profits have advanced by a mere 9 per cent in the past four years, while average business volume has shot ahead

German banks came under pressure in the early months of this year from the continued low level of interest rate margins, which prompted some leading bankers to make a cautious assessment of the overall outlook for 1979.

Another leading German bank, Commerzbank, forecast yesterday that West Germany's surplus on current account would only total around DM 5bn this year against last year's DM 17.5bn.

Upsurge in Krupp first half orders

BY ROGER BOYES IN BONN

KRUPP GROUP yesterday reported new orders of DM 6.6bn ($3.73bn) during the first half of 1979, representing a 21 per cent increase over the same period last year. Total turnover of the West German steel, engineering and shipbuilding group, was up by 4 per cent to DM 6.3bn during the six months.

The healthy orders outlook was particularly influenced by a revival on the steel market (accounting for a 21 per cent increase in orders for the steel division), a 24 per cent increase in mechanical engineering orders and strong demand in the trading and services division, which recorded a 29 per cent orders increase.

These increases helped to compensate for lagging trade in those sectors most vulnerable to the effects of the oil crisis. Thus Krupp said that demand for industrial plant—new orders up by only 3 per cent—from the non-oil producing Third World was especially weak because of high expenditure on crude imports. As anticipated, demand for plant from the OPEC countries was also poor.

Orders in hand were 11 per cent up on the beginning of the year but, at DM 10bn, they maintained the broad level of January-June 1978. Capacity was not being fully used in many divisions, and it was becoming increasingly difficult—because of competitive pressures—to pass on labour and energy costs increases to the consumer. This was particularly the case in the ship construction and repair division, which also recorded very low orders, at about DM 66m for the half year.

Underlining the continuing importance of the steel division, the board has announced that Herr Wilhelm Scheider, chief executive of Friedrich Krupp Huettenwerke, is to be the next chairman of the whole Krupp group. Herr Scheider, 51, has spent his working life in the steel industry and became the head of FKH last year.

Herr Heinz Petry, the present chairman, recently renewed his contract for five years suggesting that Herr Scheider, who will be admitted to the group's board next year, is to have a relatively long period of induction before he succeeds to the chairmanship.

Thus the group has for once avoided the storminess which has often surrounded the changeover of chairmen. In 1972, Herr Guenther Vogelsang, the man responsible for much of the financial restructuring within the group, refused the offer of a further term as chairman, apparently because of differences with Herr Berthold Beitz, the powerful chairman of the Supervisory Board.

Within months, Herr Vogelsang's successor, Dr. Juergen von Krackow, also resigned because of differences over personnel policy.

Dr. Scheider, however, is reported to get on well with both Herr Petry and Herr Beitz. When he joins the board next April, he will be responsible for Krupp's forward planning.

Dutch foodstuffs group expands in U.S.

BY CHARLES BATCHELOR IN AMSTERDAM

WESSANEN, the Dutch foodstuffs group, is to extend its penetration of the U.S. market with the acquisition of a dairy products group in Minneapolis, Clover Leaf Creamery. Marigold Foods, acquired by Wessanen in September 1978, will buy Clover for about $5m.

Clover makes dairy products including milk, butter milk, drinking chocolate, fruit drinks, cottage cheese Yoghurt, butter and ice cream at it 140,000 barrels a day capacity plant. It has 12 distribution centres in North Minnesota and claims a 20 per cent share of its market in Minneapolis-St. Paul. Annual turnover is more than $35m and the company employs 220 people.

The acquisition will make Marigold Foods the market leader in a large number of products in the area and give it coverage of the entire state of Minnesota. Wessanen has hopes of a further growth to the two companies. Marigold was purchased for $20m. It has annual sales of around $100m.

* * *

IHC HOLDINGS, the recently restructured Dutch shipbuilding group, said it expects net profit this year to be higher than the Fl 9.9m ($5.1m) in 1978.

In the first half of 1979, up to mid-July, the company, which makes offshore structures and dredging equipment, reported net profit of Fl 8.9m. This was achieved after operating losses of Fl 1.1m by the holding group and profits of Fl 8m by the companies in which it participates. IHC Holdings has 46 per cent of IHC Holland and 40 per cent of IHC Inc., a company set up to manage its foreign activities.

The holding company's earlier losses could be set against taxes and therefore no tax was charged. The restructuring of IHC during 1978, which involved a substantial state participation in IHC's operations and the floating off of 60 per cent of the shares in its foreign activities, meant there was little point in giving detailed comparatve figures for the first half of 1978, the company said.

IHC Holdings wrote down its share in IHC Holland by Fl 40m last year in anticipation of losses. The expected deficit from this company this year will be covered by these write-offs.

* * *

A TENDER issue in 10-year bonds is planned by the Dutch Government for next Tuesday. The funding, the fifth by the State this year, will carry a coupon of 8¾ per cent.

So far this year the Government has raised a total of Fl 2.8bn by public bond issue with an issue of 15 year bonds in July pulling in Fl 800m.

Air France hotel chain to double in three years

BY DAVID WHITE IN PARIS

AIR FRANCE'S luxury hotel subsidiary, Meridien, is aiming to double the size of its chain in three years and to compete among the world leaders in the sector.

M. Henri Marescot, Meridien's chairman, said that the number of hotels would reach about 50, with some 16,000 rooms, compared with the 80 hotels and 22,000 rooms now belonging to the worldwide Hilton chain. The group would be represented in about 40 countries. It has 25 hotels, of which it owns six and manages 14, with the remaining five under franchise.

Group turnoverd this year is expected to reach FFr 900m ($217m), more than half as much again as last year's FFr 570m.

Results at the parent company, Société des Hotels, Meridien, should continue to improve this year and net earnings are expected to be better than last year's FFr 4.3m ($1.04m). M. Marescot said that all its offshoots should follow the upward trend and finish the year in the black.

Five Meridien hotels have opened this year, 10 are under construction and a further six are planned.

With encouragement from its state-owned parent company, it is considering launching a more down-market chain of two-star hotels in France. The name Meridien will, however, be reserved for its four-star network.

Waterford Glass ahead after first six months

By Our Financial Staff

HIGHER PROFITS were announced yesterday by Waterford Glass, the Irish company whose operations range from fine china retailing to motor distribution as well as its world famous crystal glass business.

Pre-tax, the company is 11 per cent ahead at Irish £5.1m for the six months ended June 30, *with profits* at the net attributable level rising by 2.5 per cent to £3.6m—mostly on the back of a lower tax charge. Waterford hopes to show an increase for the whole of 1979.

The company complains that earnings for the half-year have been held in check by high financing costs. Provided there are no further substantial increases in interest rates, "we would hope that the company can show an improved result for the rest of the year."

Sales for the six months were nearly 16 per cent higher at £66m.

Georg Fischer sees advance

SCHAFFHAUSEN — Georg Fischer AG said that group turnover in the first seven months of 1979 rose to FFr 755m ($181.93m) from FFr 718m in the same period of 1978. Incoming orders totalled FFr 1.09bn, with some sectors showing strong rises. The company expects better results for the whole year, provided currency rates remain fairly stable.

Reuter

Turnover increase for Montedison

BY RUPERT CORNWELL IN ROME

MONTEDISON, Italy's largest chemical group, reports a 28 per cent rise in parent company sales in the 1979 first half to L1,971bn ($2.46bn). Group turnover rose to L3,401bn ($4.25bn), up 34 per cent.

Despite the jump in sales, reflecting advances in volume as well as prices, Montedison is still operating at a loss, as a result of the heavy deficits of certain group companies, in particular its fibres offshoot, Montefibre.

Although its sales were up this year, Montefibre's performance is described as "very negative." The parent company has now cut off further funds, and a temporary management has been installed, as negotiations for a banking consortium to salvage Montefibre continue.

Some sectors, including plastics and petrochemicals, showed rises of over 40 per cent in the first six months. The board declared that had it not been for problem areas like fibres, Montedison would have been in the black in the first half.

Prospects for the rest of 1979 are uncertain. New wage contracts may push up labour costs substantially, while overall demand in the second half of the year, which includes the August holiday month, is traditionally lower.

After a board meeting the company also announced the completion of the sale to Norsk Hydro of its 69 per cent holding in the Benelux fertiliser group Compagnie Neerlandaise de l'Azote (CNA). However, terms were not disclosed.

The disposal of the CNA interest conforms to Montedison's strategy of selling off assets which do not relate to the chemicals business. Already this year the group has dsposed of real estate holdings in Milan, its 65 per cent stake in the financial company, Fingest, and its former U.S. subsidiary, Novamont.

Limited growth for SEB

BY VICTOR KAYFETZ IN STOCKHOLM

SKANDINAVISKA Enskilda Banken expects that rising interest rates in Sweden will limit the growth in its pre-tax earnings during 1979 to about 10 per cent above last year's Skr810m ($194m).

In July, the Bank of Sweden raised the discount rate by 0.5 per cent to 7 per cent. Despite this, SEB raised its interest income for January-August by 24 per cent to Skr.1.01bn. Pre-tax earnings for the eight months totalled Skr632m ($152m), 30 per cent higher than the comparable figure

Earnings for May-August were Skr331m, up from Skr301m.

Although a higher discount rate would normally squeeze the bank's margin on its bond portfolio, it actually increased by 0.16 per cent to 2.9 per cent, mainly because of SEB's large-scale acquisitions of new bonds, raising its average yield on bonds by 0.71 per cent to 8.55 per cent. This was the most important factor behind the jump in interest income.

SOUTH AFRICAN STOCK MARKET

Investors rush for gilts

BY BERNARD SIMON IN JOHANNESBURG

THE FASTEST growing sector of the Johannesburg Stock Exchange is trading in government and semi-government securities. Trading volumes are now so high that the Stock Exchange Committee is considering setting aside a separate floor for trading in government and municipal stock.

The total nominal value of these securities in issue at the end of last year was around R16bn ($19bn), compared with a market capitalisation of all equities listed on the JSE of ever, in the first quarter of 1979, almost R30bn ($36bn). How- JSE turnover of gilts and semi-gilts—totalling R388m—for the first time exceeded the value of shares traded.

The value of government and semi-government securities dealt on the JSE rose from R35m in 1976 to R639m last year. This year's turnover will be several times higher. Trading during the first eight months of 1979 totalled R1.6bn, reaching a monthly record of R488m in August.

The current growth of the secondary market has been helped by the easing of a number of legal restrictions, but the structure of South Africa's money and capital markets is still not conducive to a fully fledged open market in gilts and semi-gilts.

An important step in activating the market was taken last year with the lifting of the prohibition on stockbrokers from acting as jobbers in fixed interest securities.

Since they were not previously allowed to take positions themselves, brokers usually charged commission on orders, thereby denting their competitiveness with the Discount houses and banks, which quoted very fine dealing rates. Thus making them until recently the dominant forces in the secondary market.

Stockbrokers are now free to deal as principals, and they have quickly shown their muscle. A number of broking firms have snapped up several top-flight economists and money and capital market experts in recent months to staff their fast-expanding gilts departments. Well ahead of the others in expertise and turnover is Mathison and Hollidge, which is estimated to account for about 60 per cent of the JSE's gilt and semi-gilt transactions.

A major coup for the stockbrokers was the recent recruitment by a small firm, Jeanne Sterianos, of all the senior members of the capital market team of Senbank, which last year handled about a third of total public sector stock issues. Sterianos has not confined its activities to secondary market trading. Since June, it has managed two small new issues, one for a Black Homeland government and the other for a local authority. But because of their weak capital structures and inability to underwrite loans, brokers' forays into the primary market will probably be infrequent and on a small scale.

A more insignificant, but less easily quantifiable, boost to the secondary market has been the growing sophistication and profit-consciousness of institutional investors.

The South African Government compels insurers and pension funds to invest a substantial

The value of deals in government and semi-government securities was R35m in 1976 rising to R639m last year. Trading during the opening eight months of 1979 totalled R1.6bn with August achieving a monthly record.

portion of their funds in low-yielding government and semi-government stock. Although their gilt and semi-gilt portfolios are larger than their equity holdings, the institutions have in the past done little more than buy the required amounts of securities and hold them until redemption.

Institutions have lately become less inhibited in their use of the secondary market. Rising inflation and fears about the ability of some pensions funds to meet future commitments to their members, have made investors more aware of the need to obtain maximum returns from their portfolios. The high liquidity of the past two years and the lack of alternative investment channels have further encouraged trading in gilts and semi-gilts.

Several public sector borrowers have done their bit by actively stimulating secondary markets in their stocks. None more so than the Electricity Supply Commission (ESCOM), which as a result of its inability to negotiate foreign loans for its vast expansion programme, has had to rely increasingly on the domestic market. Tap issues sold by Escom on the secondary market last year raised considerably more than its two public issues. A number of municipalities, notably Port Elizabeth, have also encouraged active trading in their stocks.

However, several other features of Suoth Africa's financial structure have continued to hinder the development of a comprehensive secondary market. One problem is that the Reserve Bank's open market operations have been on a relatively small scale, mainly as a result of the limited size of its portfolio of saleable securities.

These activities have increased somewhat in the past two years, and in July the bank sold over R400m in securities in an effort to mop up some of the high liquidity in the money markets. The effectiveness of open market operations as an instrument of economic policy is currently being investigated by the De Kock Commission on Monetary Policy.

The Public Debt Commissioners, who control the Civil Service's pension funds, have also taken a relatively insignificant role in gilts and semi-gilts trading. The PDCs control almost 40 per cent of the Government's marketable stock, but the profit and loss implications of active trading may have discouraged them from heavier participation. In a recent article, Mr. R. M. Gidlow, a Witwatersrand University lecturer, argues that "a limited role for the PDC may be preferred by the monetary authorities, because otherwise its participation may influence the market in a manner inconsistent with the monetary policy of the Reserve Bank."

With the greater involvement of stockbrokers and non-institutional investors, and the greater role likely to be played in future by open market operations in official monetary policy, the fast growth of the secondary market is bound to continue. There is one cloud on the horizon, however, which could lessen the attractions of trading in both fixed interest securities and equities.

The authorities will shortly publish draft legislation providing for the introduction of a capital gains tax. The details of the Bill have not yet been revealed, but it is widely expected that they will follow the recommendations of the Franszen Commission, which ten years ago proposed that capital gains on sales of stocks and shares and fixed property (other than the seller's own dwelling) be taxed at a rate of around 20 per cent.

هكذا من الأصل

Increase in share issue by Gulf Medical

By Mary Frings in Bahrain

GULF MEDICAL Projects Company, whose UAE DH 15m ($4m) public offer of 6m shares in Sharjah last week was 2,000 times over-subscribed, has increased its capital, and has issued another 11m shares worth DH 27.5m nominal, for distribution to the subscribers.

In Sharjah Whinney Murray, the international auditors, who are handling the allocation of shares, said that applicants for 10,000 shares who were allocated four shares each from the 6m originally on offer, will now get eight more.

Six of the additional shares will be paid for at the DH 2.50 price of the original issue, and two will be bonus shares.

The deputy manager of the National Bank of Sharjah confirmed that during the six-day subscription period, Gulf Medical Projects Company was paid 8 per cent interest by the banks holding the share applications, on the amount standing to their credit.

The company may thus have made a possible DH 40m ($10.5m) in interest, on the DH 30bn ($8bn) which flowed in to cover the share applications. In Sharjah, the banks charged borrowers about 10 per cent, leaving themselves a 2 per cent margin.

On the Kuwait Stock Market, the quoted price of the new shares fell from KD 0.900 each—about five times the face value—to KD 0.660 with the news of the additional allocation.

Market prices of shares in two Bahrain offshore companies which made public subscription offers recently, Pearl Investment Company and Gulf Union Insurance Company were still rising. Pearl was quoted at KD 2.700 (nine times face value) and Gulf Union at KD 3.200 (eight times face value).

Gulf Medical Projects Company is a joint venture between the Government of Sharjah, a group of private banks and investment companies and the London-based Hospital Affiliates International, headed by Dr. Michael Sinclair.

In Sharjah, one of Gulf Medical's founders, Mr. Abdul Rahman Bukhatir, said that Hospital Affiliates International had been awarded a management contract for the Al-Zahra private hospital, being built by Gulf Medical, only on condition that it took a small financial stake in the company. Mr. Bukhatir said the Al-Zahra Hospital was a minor part of the company's objectives. "We have been offered an investment in a new drug and pharmaceutical factory in Ras al Khaimah, and we are studying all aspects of the manufacture and trading of medical products, as well as the ownership and management of other private hospitals in the Gulf."

Qatar shrimp company to liquidate

By Our Bahrain Correspondent

THE DEPLETION of shrimp stocks in the Gulf has led to the closure of the Qatar National Fishing Company, only a month after the Bahrain Fishing Company (Bafco) berthed its 15 trawlers and paid off nearly 500 employees. Both companies are to go into liquidation. The head of the Qatari delegation at the Gulf Fisheries Conference in Doha, Dr. Abdul Khalik Imam, said QNFC had lost half its capital of Qatar riyals 3.5m ($0.9m), and would cease operations at the end of the month. The liquidation process would be set in motion on October 6, and the company's six trawlers would be sold.

Ross Seafoods, a member of the Ross International group, managed the shrimp fishing and processing operations in both Qatar and Bahrain.

Ross had a 35 per cent holding in Bafco, and the remaining shares were spread among about 1,000 Bahraini private investors. In Qatar the set-up was a little different, with ownership originally split between Ross (40 per cent) and the Government of Qatar. However, the Government then offered three-quarters of its holding to the public. The Qatar company was founded in 1966, about a year before Bafco. The two companies were very profitable until about two years ago, and exports of frozen shrimps to Japan and Europe brought in valuable foreign exchange. But suddenly catches dropped off, and all around the southern gulf local inshore fisherman also began to complain of empty traps.

Extensive land reclamation, which spread a layer of silt over natural vegetation and turned the sea-bed into a desert, was blamed by the director of Bahrain's Fisheries Resources Bureau, Mr. Khalid Fakhro, among a number of other contributing factors. These included increasing pollution, and local exploitation of nursery areas, by harvesting immature shrimps.

In Doha last week a committee for the development and management of fisheries in the Indian Ocean agreed on the introduction of closed season for shrimp fishing, to protect stocks in the Arabian Gulf and the Gulf of Oman. The closed season, from March 15 to June 30, is to be effective from next year.

Prospect of new funding at Toyota Motor Company

BY RICHARD C. HANSON IN TOKYO

TOYOTA Motor Company, Japan's top motor manufacturer, is reported to be planning a large public offering of shares this autumn to raise funds needed in its stepped-up programme of spending to meet future competition in the international motor industry.

According to Nihon Keizai Shimbun, the leading business daily, the company is moving toward a public offering of some 40m shares which would raise about Y30bn ($135m) at current values. The company has declined to comment on the report.

Toyota is in the midst of an ambitious modernisation programme for its ageing plant and equipment.

This fiscal year, which started in July, the company plans to spend Y150bn on projects including the completion of its first new assembly plant in nine years. This is up from Y120bn last year, which saw the completion of a new machining plant.

The previous high for capital spending was set in 1974 when measures to meet new emission control standards prompted spending of Y140bn—which is in real terms larger than this year's planned spending, because of sharp inflation since then.

Toyota's moves reflect concern over the advances being made by General Motors in developing small cars which will compete strongly with its own products in the coming decade. A good deal of the emphasis will be placed on research and development.

The company is also attempting to strengthen further its already solid financial position. After its last public subscription two-and-a-half years ago, Toyota's equity ratio surpassed that of GM, amounting to 59.1 per cent compared with GM's 57.4 per cent, a very high ratio for a Japanese company. Toyota has no bank debt. Its biggest liability is in the form of Y44.4bn in deposits its employees keep with the company.

Advance by Jardine Matheson

BY PHILIP BOWRING IN HONG KONG

JARDINE MATHESON has announced a 7 per cent increase in after-tax attributable earnings for the six months to June 30, to HK$128.8m (US$25.3m). Mr. David Newbigging, the chairman, forecasts that this rate of growth will "at least be maintained" in the second-half. Earnings for the whole of 1978 were HK$335.9m.

The results may appear disappointing in comparison with those of other Hong Kong companies reporting recently. Business in Hong Kong generally has been buoyant and Jardine, with its large overseas earnings, should have seen its profits in local currency terms inflated by the decline in the Hong Kong dollar.

A number of factors, however, have thrown year-to-year comparisons out of joint. The chairman refers to improved trading conditions in almost every country and sector in which the company operates, and to the elimination of some loss makers. But the level of improvement does not fully show through for the following reasons:

Last year's earnings included HK$ 49m in exceptional profits on property and ship sales. Most of this is believed to have been in the first half, so that on a recurrent earnings basis, the profit improvement in the first half of this year was probably around HK$ 35m, rather than the officially stated HK$ 8m. Secondly the group has lost the contribution from Gammon House, the big Hong Kong office block it sold late last year.

That sale has allowed Jardine to reduce its term borrowings by an undisclosed amount despite making a final payment of U.S.$ 20m in respect of the acquisition of further shares in the Middle East trading house, Transport and Trading Company, on which investment it receives a guaranteed return. It now has 40 per cent of the Saudi-controlled company.

Though the Gammon House sale has cut into earnings, it has enabled the group debt position to be much improved at a time of high interest rates. Almost all the group's term debt is now fixed rate, but even so the higher cost of short-term funds to finance trading activities has eaten into profits. Total interest in the first half was higher than a year ago, despite markedly lower borrowings. Mr. Newbigging says that the debt equity ratio will continue to improve.

Because recurrent earnings have improved more rapidly than total earnings, an interim dividend increase of 20 per cent to 22 cents, in cash or scrip form, has been recommended. The total for the year has been forecast at 77 cents against 71 cents.

Much-improved performances are noted by Mr. Newbigging from the South African subsidiary, Rennies Consolidated, where first-half earnings were up 80 per cent. A full year improvement of 35 per cent is expected. There was also improvement in the troubled Philippines subsidiary, Jardine Davies, and losses at Jardine Industries in Hong Kong have been eliminated.

Earnings of the financial services subsidiary, Jardine Fleming, were down from last year's record level, but there were improvements in China Trading, Reunion Properties—the UK property subsidiary—and elsewhere, in geopraphical terms, Hong Kong contributed slightly more than last year's 45 per cent of profits before term debt interest.

No more provisions will be needed for losses on Tiber Investments in the Philippines and Malaysia, which last year involved extraordinary write-offs of HK$90m.

CBC plans to expand overseas

BY JAMES FORTH IN SYDNEY

THE GOVERNMENT owned Commonwealth Banking Corporation (CBC) turned in a solid performance in 1978-79, raising its earnings by 25 per cent, from A$104.3m to A$129.9m (US$146m), and the bank is planning expansion abroad. The London office is to be expanded and upgraded, and a Hong Kong office will be set up, which the board believes will bring considerable benefits.

Further plans are being made for the trading bank, including the possibility of a branch or representative office in Tokyo and the expansion of the bank's money market book in London.

The latest profit increase was aided by a lower average of funds tied up in statutory reserve deposits (SRDs) at low interest rates, increased loans from housing and a sharp jump in profits from the Savings Bank operations. Transfers from profits to contingency reserves in the latest year totalled A$235.72m, compared with A$27.86m in the previous year, when the bank disclosed these figures for the first time.

The Commonwealth Trading Bank increased its market share of deposits in the latest year from 23.6 per cent to 24.9 per cent, enabling it to retain its position as the market leader. Its contribution to the group result rose from A$22.9m to A$36.9m. The finance company offshoot, CBFC raised earnings from A$9.62m to A$12.25m.

The savings bank increased its profit from A$68.3m to A$77.6m, largely as a result of increased housing loans, a portfolio of higher yielding securities and increased local and semi-Government interest rates.

The other arm of the group, the Commonwealth Development Corporation, which concentrates on small business and farm term lending, increased profit from A$10.2m to A$11m.

Combined assets of the Commonwealth Banking Corporation rose from A$13.5bn to A$15.5bn over the year.

BHP lifts Bass Strait reserve estimates

MELBOURNE—Total initial recoverable oil reserves in Australia's Bass Strait are now estimated at 3.66bn barrels, against 3.30bn a year ago, Sir James McNeill, chairman of Broken Hill Pty. Company, said at the company's annual meeting.

The increase resulted mainly from further evaluation of the Flounder and Fortescue discoveries. BHP operates the Bass Strait fields in partnership with Esso Exploration and Production Australia. Cumulative production from the Bass Strait to August 31 was 1.29bn barrels, leaving an estimated recoverable 2.37bn barrels.

Oil price rises were a major factor among world economic events which were almost certain to temper a basically sound outlook for BHP in the current year, Sir James said. The oil price rises came at a time when the U.S. economy was already turning down, but he noted that Australia was enjoying some bright spots such as interest in large project development and an upturn in the rural sector.

Mr. McNeill said both these sectors would require considerable tonnages of steel. BHP is Australia's only raw steel producer.

He added that industry in general and the steel industry in Australia are better placed to weather any international recession than they were after the 1973-74 oil price rises.

BHP's steel division has strong order books while its subsidiary and asssociated companies are reporting high demand in their respective fields, Mr. McNeill said.

Turning to BHP group activities, the chairman said that while the Australian steel market position remains sound, there are signs of weakening international demand.

He said that while BHP can expect to maintain a significant position in steel exports, rapidly rising freight costs will further reduce returns.

In the oil and gas division exploration continues in partnership with Esso Exploration and Production Australia on the Exmouth plateau but so far without significant results.

The development of existing discoveries continues, with both the Mackeral and Tuna fields in the Bass Strait now in production. The Cobia Subsea development is also producing while the Snapper platform is in position and expected to be onstream, mainly for gas, in 1981.

Work continues at Cobia and the West Kingfisher fields at a joint cost with Esso of A$400m while approval has been given for the A$200m development of the smaller Flounder field, the chairman added.

The joint marketing venture with Shell Australia for liquid petroleum gas for automotive use had been significantly boosted by events in Iran and BHP anticipated it becoming a more important sector of the group.

The minerals division is stepping up exploration for coal, iron ore, gold, diamonds and base metals in the current year, Mr. McNeill told the meeting.
Reuter

African Petroleum results

By Mark Webster

BRITISH PETROLEUM'S product marketing offshoot which was nationalised by the Nigerian Government last month, has reported a net profit after tax for the company of 7.45m naira ($12.72m) on turnover of 102.8m naira for the last trading year.

Mr. Mohammed Hayatuddini, the newly appointed chairman, also anounced at the annual meeting that the company has been renamed African Petroleum.

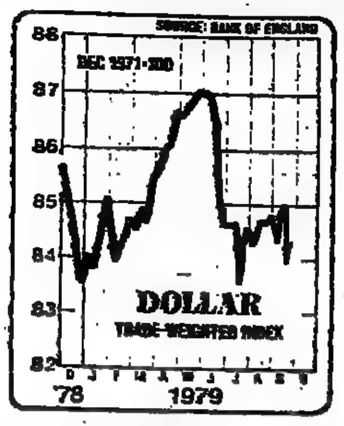
The Nigerian Government took over BP's remaining 40 per cent stake in the products marketing company and its 20 per cent stake in the Shell-BP oil operating company because of the parent company's contacts with South Africa.

هكذا من الأصل

CURRENCIES, MONEY and GOLD

£ improves in quiet trading

Sterling showed a slight improvement over most major currencies yesterday in one of the quietest day's trading seen for some time. There was little in the way of fresh news to influence trading, and the pound tended to improve on demand in the rather thin conditions. Opening at $2.1570 against the dollar, it touched a low of $2.1515 before rising to $2.1610. Sterling dipped slightly during the afternoon as the dollar improved but came back on further demand to close at $2.1580-2.1590, a rise of 15 points. Using Bank of England figures, its trade weighted index rose to 68.1 from 67.9, having stood at 68.0 at noon and 67.9 in the morning.



The dollar had a much better day overall, but finished just below its best levels. News of a 1.1 per cent rise in the U.S. Consumer Price Index in August failed to have any significant effect, and there was no detectable central bank support for the dollar.

Against the D-mark the U.S. unit finished at DM 1.7670 compared with DM 1.7715 on Monday and SwFr 1.5740 from SwFr 1.5775 in terms of the Swiss franc. However, it showed slight gains against the guilder, the French and Belgian francs, the lira and the Canadian dollar. On Bank of England figures, its trade weighted index remained at 84.3.

FRANKFURT — The dollar was fixed at DM 1.7693 yesterday, slightly up from Monday's figure of DM 1.7653, and there was no intervention by the Bundesbank. Trading was generally quiet ahead of the U.S. Consumer Price Index for August. The rise of 1.1 per cent announced later in the day was just above the 1 per cent level which some dealers had suggested would see the dollar move one way or another. Within the EMS both the Belgian franc and the Danish krone showed a slightly weaker tendency, but remained above their respective lower intervention points.

MILAN — The lira lost ground against the dollar, and the latter was fixed at L808.90 compared with L806.80 on Monday. This was despite the sale of some $25m at the fixing by the Bank of Italy.

TOKYO — The dollar lost ground against the Japanese yen to close at Y223.425 compared with Monday's close in New York of Y223.20 and Friday's close in Tokyo of Y221.375. Markets were closed on Monday for a public holiday. After opening firmer at Y223.40, the U.S. unit rose to Y223.70 before coming on offer as the market adopted a more cautious attitude. Technical factors also helped to weaken the dollar, as over bought positions for the long weekend were unwound.

THE POUND SPOT AND FORWARD

Sept. 25	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	2.1515-2.1670	2.1580-2.1590	0.38-0.28c pm	1.83	0.90-0.80 pm	1.58
Canada	2.5140-2.5225	2.5205-2.5225	0.60-0.50c pm	2.62	1.42-1.32 pm	2.17
Nethlnd.	4.19-4.24	4.22½-4.23½	2⅛-1⅛c pm	4.61	5⅛-4⅛ pm	4.49
Belgium	61.20-61.75	61.65-61.75	10c pm-par	0.97	23-13 pm	1.17
Denmark	11.07-11.17¾	11.16¾-11.17¾	5-7ore dis	−6.45	11¾-12¾ dis	−4.03
Ireland	1.0160-1.0225	1.0204-1.0214	29-39p dis	−3.40	87-97 dis	−3.60
W. Ger.	3.79½-3.83	3.81-3.82	2⅜-1⅜pf pm	7.08	7⅜-6⅜ pm	6.95
Portugal	105.75-106.75	106.15-106.45	25-75c dis	−5.64	150-250 dis	−7.53
Spain	142.00-143.00	142.52-142.62	35-85c dis	−5.05	150-260 dis	−5.61
Italy	1,739-1,748	1,745-1,747	⅛ lire pm-1⅛ dis	−0.17	3-5 pm	[illegible]
Norway	10.67½-10.73½	10.71½-10.72½	1¼ore pm-¼ dis	−1.12	5-3 pm	1.49
France	8.94-8.98½	8.97-8.98	1⅛-⅝c pm	1.05	3⅛-2⅛ pm	1.67
Sweden	8.97-9.01	8.99½-9.00½	3-1ore pm	2.67	5-3 pm	1.78
Japan	475-486	480¼-481¼	3.00-2.75y pm	7.18	8.20-7.95 pm	6.72
Austria	27.30-27.60	27.45-27.55	20-10gro pm	6.56	43-33 pm	5.53
Switz.	3.38-3.42	3.39¾-3.40¾	4½-3½c pm	13.89	11¾-10¾ pm	12.66

Belgian rate is for convertible francs. Financial franc 63.50-63.60c pm. Six-month forward dollar 1.69-1.64c pm, 12-month 3.35-3.25c pm.

THE DOLLAR SPOT AND FORWARD

Sept. 25	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	2.1515-2.1670	2.1580-2.1590	0.38-0.28c pm	1.83	0.90-0.80 pm	1.58
Ireland†	2.1120-2.1210	2.1130-2.1150	1.10-0.90c pm	5.67	2.85-2.55 pm	5.11
Canada	1.1677-1.1686	1.1677-1.1680	0.14-0.10c pm	1.23	0.18-0.15 pm	0.56
Nethlnd.	1.9500-1.9620	1.9600-1.9620	0.52-0.42c pm	2.88	1.50-1.40 pm	2.96
Belgium	28.45-28.60	28.58-28.60	2-4c dis	−1.26	2-4 dis	−0.42
Denmark	5.1580-5.1715	5.1700-5.1715	3.0-3.5ore dis	−7.54	7.5-8.0 dis	−5.99
W. Ger.	1.7665-1.7698	1.7665-1.7675	0.87-0.77pf pm	5.57	2.40-2.30 pm	5.32
Portugal	49.20-49.38	49.33-49.38	25-40c dis	−7.90	80-135 dis	−8.71
Spain	66.03-66.08	66.08-66.08	40-50c dis	−8.17	105-120 dis	−6.81
Italy	808.00-809.30	808.80-809.30	0.80-1.30 lire dis	−1.56	4.75-5.50dis	−2.53
Norway	4.9600-4.9795	4.9690-4.9700	0.50-1.0ore dis	−1.81	0.10-0.40dis	−0.20
France	4.1575-4.1590	4.1575-4.1590	0.17-0.23c dis	−0.58	0.30-0.38dis	−0.33
Sweden	4.1670-4.1682	4.1682-4.1692	0.45-0.25ore pm	1.01	0.25-0.05 pm	0.14
Japan	222.50-222.95	222.75-222.95	1.05-0.90y pm	5.25	3.0-2.85 pm	5.25
Austria	12.73-12.735	12.73-12.735	4.90-4.40gro pm	4.38	12.5-11.0 pm	3.69
Switz.	1.5740-1.5772	1.5740-1.5750	1.57-1.52c pm	11.77	4.38-4.33 pm	11.06

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency.

CURRENCY RATES

Sept. 24	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	14	0.608370	0.653909
U.S. $	10½	1.30903	1.41114
Canadian $	12¼	1.52869	1.64757
Austria Sch	3¾	16.6365	17.9486
Belgian F	9	37.1192	40.0410
Danish K	11	6.70878	7.24054
D Mark	5	2.31083	2.49164
Guilder	8	2.55064	2.74960
French Fr.	9½	5.43313	5.85622
Lira	10½	1056.06	1139.6[illegible]
Yen	6¼	Unavail.	314.006
Nrwgn. K.	7	6.49148	6.98442
Spanish Pes.	8	86.4117	93.1844
Swedish Kr.	7	5.46324	5.87922
Swiss Fr.	1	2.05976	2.22049

CURRENCY MOVEMENTS

Sept. 25	Bank of England Index	Morgan Guaranty changes %
Sterling	68.1	−37.4
U.S. dollar	84.3	−8.8
Canadian dollar	80.6	−17.1
Austrian schilling	154.2	+22.6
Belgian franc	114.7	+14.1
Danish kroner	119.1	+3.3
Deutsche mark	155.6	+45.0
Swiss franc	205.9	+87.4
Guilder	124.3	+19.8
French franc	100.2	−6.7
Lira	[illegible]	−49.1
Yen	127.4	[illegible]

Based on trade weighted changes from Washington agreement December, 1971 (Bank of England Index=100).

OTHER MARKETS

Sept. 25	£	$		Note Rates
Argentina Peso	3146-3166	1458-1467	Austria	27-28
Australia Dollar	1.9140-1.9240	0.8870-0.8915	Belgium	62¼-63¼
Brazil Cruzeiro	62.30-63.30	28.87-29.33	Denmark	11.00-11.10
Finland Markka	8.09½-8.10½	3.7510-3.7555	France	8.90-9.00
Greek Drachma	78.582-80.474	36.40-37.30	Germany	3.75-3.85
Hong Kong Dollar	10.70-10.72	4.9780-4.9830	Italy	1,740-1,790
Iran Rial	151.00-159.15	70-73½	Japan	477-487
Kuwait Dinar (KD)	0.590-0.600	0.2765-0.2766	Netherlands	4.15-4.25
Luxembourg Frc.	61.65-61.75	28.58-28.60	Norway	10.60-10.70
Malaysia Dollar	4.6475-4.6575	2.1545-2.1555	Portugal	103-110
New Zealand Dlr.	2.1600-2.1700	1.0010-1.0055	Spain	141-144
Saudi Arab. Riyal	7.18-7.28	3.3590-3.3600	Switzerland	3.35-3.45
Singapore Dollar	4.6350-4.6450	2.1480-2.1500	United States	2.15½-2.16½
Sth. African Rand	1.7830-1.7930	0.8260-0.8310	Yugoslavia	44½-46½

Rate given for Argentina is free rate.

EMS EUROPEAN CURRENCY UNIT RATES

	ECU central rates	Currency amounts against ECU September 25	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	39.8456	40.1300	+0.70	+0.67	±1.53
Danish Krone	7.36594	7.27051	−1.30	−1.32	±1.635
German D-Mark	2.48557	2.49104	+0.22	+0.19	±1.125
French Franc	5.85522	5.85203	−0.05	−0.08	±1.35
Dutch Guilder	2.74748	2.75277	+0.19	+0.17	±1.515
Irish Punt	0.662141	0.665069	−0.47	−0.50	±1.665
Italian Lira	1159.42	1139.[illegible]	−1.79	−1.79	±4.08

Changes are for ECU, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

EXCHANGE CROSS RATES

Sept. 24	Pound Sterling	U.S. Dollar	Deutschem'k	Japan'se Yen	French Franc	Swiss Franc	Dutch Guild'r	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1.	2.159	3.815	480.8	8.975	3.398	4.230	1746.	2.522	61.70
U.S. Dollar	0.463	1.	1.767	222.7	4.158	1.574	1.960	808.9	1.168	28.58
Deutschemark	0.262	0.566	1.	126.0	2.353	0.891	1.109	457.7	0.661	16.17
Japanese Yen 1,000	2.080	4.490	7.935	1000.	18.67	7.067	8.799	3632.	5.245	128.3
French Franc 10	1.114	2.405	4.251	535.7	10.	3.786	4.713	1945.	2.809	68.75
Swiss Franc	0.294	0.635	1.123	141.5	2.642	1.	1.245	513.9	0.742	18.16
Dutch Guilder	0.236	0.510	0.902	113.7	2.122	0.803	1.	412.8	0.596	14.59
Italian Lira 1,000	0.573	1.236	2.185	275.3	5.140	1.946	2.423	1000.	1.444	35.34
Canadian Dollar	0.397	0.856	1.513	190.7	3.559	1.347	1.678	692.4	1.	24.47
Belgian Franc 100	1.621	3.498	6.185	779.2	14.55	5.506	6.856	2830.	4.087	100.

EURO-CURRENCY INTEREST RATES

The following nominal rates were quoted for London dollar certificates of deposit: one month 12.10-12.20 per cent; three months 12.30-12.40 per cent; six months 12.35-12.45 per cent; one year 11.85-11.95 per cent.

Sept. 25	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	West German Mark	French Franc	Italian Lira	Asian $	Japanese Yen
Short term	13⅝-13¾	11½-11¾	10¾-11½	9-9¼	[illegible]	5⅜-5⅝	11½-11¾	10¼-12¼	—	6-9½
7 days' notice	13¼-13¾	11[illegible]-12	10¾-11¼	9-9¼	[illegible]	5⅝-6⅛	11½-11¾	12¼-13¼	11-11[illegible]	6⅝-7¼
Month	14-14¼	12[illegible]-12	11¼-11⅝	8⅞-9⅛	[illegible]	6-7	12⅜-12⅞	13¼-14¼	12-12⅛	6[illegible]-7
Three months	14-14[illegible]	12[illegible]-12	11⅞-12⅛	9-9	1-1	7-7¼	13-13	14¼-15¼	12-12	7-7½
Six months	14-14	12½-12⅝	11-12	9⅛-9⅜	1-2	7⅜-7⅞	13-13	14½-15½	12⅜-12⅝	6-7
One year	13⅞-14	12-12¼	11⅜-11⅝	9¼-9⅝	2-2	7⅜-7⅞	13¼-13⅝	15-16	11-12	6-7¼

Long-term Eurodollar two years 11⅛-11⅜ per cent; three years 10⅞-11 per cent; four years 10[illegible]-10[illegible] per cent; five years 10⅝-10⅞ per cent; nominal closing rates. Short-term rates are call for sterling U.S. dollars and Canadian dollars; two-day call for guilders and Swiss francs. Asian rates are closing rates in Singapore.

INTERNATIONAL MONEY MARKET

Paris rates steady

Interest rates continued to show a steady trend in Paris yesterday, reflecting the considerable easing of pressure on the French franc within the European Monetary System. This was further underlined when the Bank of France bought FFr 5bn of first category paper from the market at an unchanged rate of 11⅛ per cent. With a value date of September 26, the paper will mature between October 5 and 10.

Deposit rates were also steady with call money unchanged at 11⅛ per cent and one-month at 11⅛-11⅜ per cent. Three and six-month money remained at 11⅞-11⅝ per cent while the 12-month rate moved from 11⅞-11⅝ per cent to 11⅝-11⅞ per cent, thus giving an almost flat yield curve.

FRANKFURT—Call money fell back to around Friday's level after Monday's fairly sharp rise, and was quoted at 5.80-6.00 per cent compared with 6.20-6.40 per cent. One-month money remained at 7.50-7.70 per cent and the three-month rate edged slightly firmer to 7.85-8.00 per cent from 7.70-7.90 per cent. Six-month funds stood at 7.90-8.05 per cent against 7.90-8.00 per cent previously and 12 month money eased from 8.00-8.10 per cent to 7.85-8.00 per cent.

BRUSSELS—Deposit rates for the Belgian franc (commercial) showed an easier tendency where changed. One-month deposits remained at 12⅛-12⅜ per cent and three-month deposits were quoted at 12⅜-12⅝ per cent against 12⅜-12⅝ per cent on Monday. The six-month rate fell to 11⅞-11⅝ per cent from 12-12¼ per cent and 12-month deposits eased to 11⅝-11⅞ per cent from 11⅞-11⅝ per cent.

AMSTERDAM — Interbank money rates were easier throughout, with call money falling to 8⅞-8⅝ per cent from 9⅛-9⅜ per cent and one-month money at 9⅛-9⅜ per cent against 9⅛-9⅝ per cent. Three-month funds were quoted at 9⅜-9⅝ per cent compared with 9⅜-9⅝ per cent and six-month at 9⅛-9⅜ per cent from 9½-9⅝ per cent.

HONG KONG—Conditions in the money market were tight yesterday with call money and overnight business both dealt at 12 per cent.

GOLD

Slight fall

Gold fell slightly in the London bullion market yesterday to close at $375½-378½, a loss of $1½ an ounce. Although trading within a fairly wide range of around $12, there was little in the way of fresh factors to influence the markets. After touching $384 at one point, the metal came back at the close to finish little changed from the opening level of $376½-378½.

In Paris the 12½ kilo bar was fixed at Fr51,000 per kilo ($381.63 per ounce) compared with Fr50,725 ($379.14) in the morning and Fr50,900 ($381.43) on Monday afternoon.

In Frankfurt the 12½ kilo bar was fixed at DM21,250 per kilo ($373.51 per ounce) against DM21,430 ($377.50) previously.

	September 25		September 24	
Gold Bullion (fine ounce)				
Close	$375½-378½	—	$377-380	(£174¾-176¼)
Opening	$376½-378½	—	$375-378	(£173½-175)
Morning fixing	$376.90	(£174.537)	$377.00	(£174.618)
Afternoon fixing	$376.70	(£174.560)	$380.40	(£176.602)
Gold Coins				
Krugerrand	$385-388	(£178¼-179¾)	$388-391	(£179¾-181¼)
Mapleleaf	$403½-408½		$407-412	
New Sovereigns	$97-99	(£45-46)	$98-100	(£45½-46½)
King Sovs	$109-111¼	(£50½-51½)	$109-112	(£50½-52)
Victoria Sovs	$115-117	(£53¼-54¼)	$116-118	(£53¾-54¾)
Fr20 Napoleon	FFr410-425	(SFr156-161)	FFr408-427	(SFr155-162)
50 pesos Mexico	$468-470		$471-474	
100 Cor. Austria	$367-370		$367-370	
$20 Eagles	$115-117		$486-492	
$10 Eagles	$247½-257½		$253-263	
$5 Eagles	$220-230		$212-227	

UK MONEY MARKET

Full supply

Bank of England Minimum Lending Rate 14 per cent (since June 12, 1979)

Day to day credit was in plentiful supply in the London money market yesterday and discount houses balanced their books without any official intervention. The market was faced with a very small net take up of Treasury bills to finance and banks brought forward balances slightly below target. There was also the repayment of Monday's small market advances. On the other hand there was a small excess of Government disbursements over revenue transfers to the Exchequer.

Discount houses were paying up to 13½ per cent for secured call loans at the start and late balances were taken at around 10 per cent and reached 8 per cent in places.

In the interbank market overnight loans opened at 13⅝-13¾ per cent and eased on the surplus to 13-13¼ per cent. However rates climbed back to 13⅝-13¾ per cent by noon but fell away during the afternoon to touch 12-12¼ per cent. In later trading money was bid up to 13 per cent with late balances taken between 13 per cent and 13¾ per cent.

Rates in the table below are nominal in some cases.

MONEY RATES

NEW YORK

Prime Rate	13-13.25
Fed Funds	11.625
Treasury Bills (13-week)	10.00
Treasury Bills (26-week)	10.09

GERMANY

Discount Rate	5
Overnight Rate	5.90
One month	7.60
Three months	7.925
Six months	7.975

FRANCE

Discount Rate	9.5
Overnight Rate	11.50
One month	11.5625
Three months	11.6875
Six months	11.6875

JAPAN

Discount Rate	5.25
Call (Unconditional)	6.875
Bills Discount (three-month)	7

LONDON MONEY RATES

Sept. 25 1979	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount market deposits	Treasury Bills ◆	Eligible Bank Bills ◆	Fine Trade Bills ◆
Overnight	—	12-13¾	—	—	—	13½	8-13½	—	—	—
2 days notice	—	—	13⅞-14	—	—	—	—	—	—	—
7 days or 7 days notice	—	13½-13¾	14-14⅛	—	14⅛	14	13½-13¾	—	—	—
One month	14-15	13[illegible]-14	14-14⅛	14⅞-14⅝	14⅜	14¼	13¾	13[illegible]	14¼-14	14⅜
Two months	14-14	14-14	—	14⅛-14⅝	14	—	13⅝	13	14¼	14½
Three months	14¼-14	14⅛-14¼	14⅛-14⅜	14½-14¼	14½	14⅝	13⅝	13-13	14-14	14½
Six months	14-13	14-14⅛	14-14⅛	13½-13¼	14¼	—	—	—	13-13⅝	13½
Nine months	13⅝-13	13-13	—	13⅝-13⅝	14	—	—	—	—	—
One year	13-13	13⅝-13½	13⅝-13¾	13⅝-13⅛	13⅞	—	—	—	—	—
Two years	—	—	13¼-13¾	—	—	—	—	—	—	—

Local authority and finance houses seven days' notice others seven days fixed. *Long-term local authority mortgage rates nominally three years 13¾-13½ per cent; four years 13-13½ per cent; five years 13-13⅝ per cent. ◆Bank bill rates in table are buying rates for prime paper. Buying rates for four-month bank bills 13⅞-13⅝ per cent; four-month trade bills 14⅛ per cent.

Approximate selling rate for one-month Treasury bills 13 1-64th-13⅛ per cent; two-month 13⅛-13 19-64ths per cent; three-month 13 23-64ths-13⅜ per cent. Approximate rates for one-month bank bills 14⅛-14⅜ per cent; two-month 14⅛ per cent and three-month 14⅛ per cent; one-month trade bills 14½ per cent; two-month 14⅛ per cent; and three-month 14⅛ per cent.

Finance Houses Base Rates (published by the Finance Houses Association) 14½ per cent from September 1, 1979. Clearing Bank Deposit Rates for small sums at seven days' notice 11½-12 per cent. Clearing Bank Rates for lending 14 per cent. Treasury Bills: Average tender rates of discount 13.4131 per cent.

Early fresh Wall St. fall on inflation news

INVESTMENT DOLLAR PREMIUM

$2.60 to £1—37½% (35½%)
Effective $2.1585 14⅛% (12⅞%)

DEPRESSING inflation news caused Wall Street to further retreat yesterday in fairly active early dealings from its recent position of strength.

The Dow Jones Industrial Average relinquished 5.72 more to stand at 880.12 at 1 p.m., while the NYSE All Common index receded a further 34 cents to

Closing prices and market reports were not available for this edition.

$62.03, while declines held a five-to-two ratio lead over gains. Turnover came to 22.44m shares, slightly less than Monday's 1 p.m. level of 22.87m.

The Labour Department reported that consumer prices rose another 1.1 per cent in August after a 1 per cent July gain, putting prices 11.8 per cent above the level a year ago.

Treasury Secretary Miller said inflation might dip to below 4 per cent by 1985, but no sooner.

Analysts commented that the market was ripe for profit-taking anyway because of the sharp advance last week that came largely on speculation about an oil discovery off Newfoundland that proved disappointing on initial tests.

Volume leader **IBM** eased ⅜ to $67¼. The company has plans for a $1bn debt offering of half notes and half debentures.

General Motors shed $1 to $64¾, following the previous day's rise of 1¾ on a Press report that it has developed a new battery that will allow it to market electric-powered cars by 1985. GM also announced a recall of 225,000 of its new X-body cars because of steering and transmission defects.

Pneumo lost ⅞ to $30¾. A group of investors have bought 278,200 shares or nearly 10 per cent of its stock as an investment.

Leggett and Platt receded 2⅛ to $12¾ on predicting lower second-half profits. **General Mills** eased ⅛ to $25⅜ on modestly lower first-quarter net profits.

Reliance Group shed ¼ to $52¾. It said its offer to acquire 5.4m Rothschild Investment Trust Ordinary shares at $6.50 each was oversubscribed.

Reliance Electric added ¼ at $70. Exxon has said that it will complete its planned take-over of Reliance Electric.

THE AMERICAN SE Market Value Index declined 1.01 to 224.35 at 1 pm on volume of 2.59m shares (3.13m).

Imperial Oil "A" lost ⅞ to $37. It has abandoned a well in the Davis Strait off Baffin Island after finding no hydrocarbons.

McCulloch Oil eased ⅛ to $8, but volume leader **Damson Oil** held unchanged at $13⅝.

Recently-strong **Tubos de Acero** slipped ¼ to $9¾.

Canada

An easier bias continued to prevail on Canadian markets yesterday morning in active dealings.

The Toronto Composite Index lost 6.6 more to 1,729.0 at mid-day, while the Gold Share index retreated 36.2 to 2,216.0 and Oils and Gas 27.1 to 3,343.6, but Metals and Minerals hardened 0.5 to 1,528.6. In Montral, Utilietis shed 1.00 to 245.99, but Banks improved 0.34 to 313.96.

Among Oil stocks, **Husky** fell 2⅛ to $C71 and **Aquitaine** C$1 to C$42⅞. However, **Gulf Canada** rose ⅛ to C$98½ and **Dome Petroleum**, which is to drill a step-out well to its Kopanoar discovery, gained ⅛ to C$50⅞.

In the Golds sector, **Dome Mines** lost 1⅜ to C$53 and **Camflo** ¼ to C$16¾.

Tokyo

Stock prices displayed an easier overall tendency in moderate activity on returning from the holiday-lengthened weekend. However, there was selective buying interest for speculatives and, in particular, Trading Houses, and the Nikkei-Dow Jones Average edged up 6.48 to a new record high of 6,491.00. The Tokyo SE index put on 0.64 to 457.01, but falls on the First Market section out-scored rises by 368 to 262.

Among Trading Houses, **Mitsui** moved ahead Y20 to Y360 and **Mitsubishi**, which issued a $60m convertible Eurobond, rose Y21 to Y650.

Tokio Marine Insurance advanced Y14 to Y543 and **Nippon Oil** Y60 to Y1,530, but recent market favourite **Okuma Machinery** fell Y29 to Y575, while **Sony** receded Y20 to Y1,850.

Hong Kong

Properties led a fresh general advance yesterday in very active trading, which left the Hang Seng index 10.16 higher at a new peak for the year of 642.60.

The market managed to overcome early afternoon profit-taking which set in after news of disappointing interim results from **Jardine Matheson**, with local and selective overseas buying giving share prices a new uplift towards the close, prompted by Hong Kong's improved trade figures for August.

Turnover on the four stock exchanges swelled to HK$ 267.69m from Monday's HK$ 165.07m.

Jardine Matheson were a weak exception on the interim report, losing 40 cents to HK$ 12.00, but **Swire Pacific "A"** advanced 35 cents to HK$ 9.05, **Hutchison Whampoa** 25 cents to HK$ 5.85, **Hong Kong Bank** 20 cents to HK$ 14.50, **Hong Kong Wharf** HK$ 1.00 to HK$ 39.00, and **Hong Kong Electric** 15 cents to HK$ 5.20.

Among Properties, **Hong Kong Land** rose 30 cents to HK$ 10.20, **Cheung Kong** 50 cents to HK$ 16.00, **SHK Properties** 20 cents to HK$ 13.80, **Swire Properties** 17.5 cents to HK$ 4.90 and **Tai Cheung** 5.5 cents to HK$ 2.025.

Australia

Industrial and Mining leaders, in particular, attracted renewed demand yesterday after Monday's pause. The Sydney All Ordinaries index rose 3.58 to 671.39, while the Metals and Minerals index advanced 41.90 to 3,717.18.

Market leader **BHP** moved ahead 14 cents to A$9.76, while **Associated Pulp and Paper** improved 10 cents to A$2.40.

After reporting a potentially big molybdenum find in New South Wales, **CSR** rose to A$4.40, before easing back to A$4.34 for a net gain of 6 cents.

Attention focussed on Nabarlek uranium partner **Kathleen Investments** following a 1m share order announcement at A$6.00 per share and release of an independent revaluation of Kathleen and its 50 per cent-owned associate **Queensland Mines**.

Kathleen Investment rose 96 cents to A$6.00 and **Queensland Mines** 40 cents to A$5.20.

Gold stocks generally firmed, with **Central Norseman** rising 5 cents to A$7.60, **GMK** 9 cents to A$2.14 and **Poseidon** 4 cents to A$1.24.

Elsewhere in Minings, **MIM** gained 17 cents to A$4.22, **Consolidated Goldfields** 5 cents to A$4.55 and **North BH** 5 cents to A$2.24.

Paris

Bourse prices were mixed to firmer, with Oil companies particularly strong following reports of oil finds in the North Sea.

Except for Rubbers, Engineerings, Transport and Foods, all sectors showed a higher bias. Motors, Stores, Banks and Finance Houses were significantly firmer, while Constructions, Electricals, Metals and Chemicals were steady.

Ste. Francaise des Petroles BP were temporarily suspended due to an influx of buying orders, but was later quoted at FFr 97, up FFr 7 Cie Francaise des Petroles put on FFr 8.50 to FFr 267.50. Later, its British subsidiary said no oil flows have been reported yet from the well in the North Sea.

Creusot-Loire gained FFr 3.30 to FFr 85.80. **Peugeot-Citroen** FFr 14 to FFr 328 and **Telemecanique** FFr 14 to FFr 838, but **BSN Gervais Danone** retreated FFr 19 to FFr 946.

Germany

Shares remained easier-inclined, but Stores had **Kaufhof** DM 3.00 higher at DM 204.50, while elsewhere, **Harpener** rose DM 2.30 to DM 165.30.

The Commerzbank index declined 4.6 more to 759.9.

Dresdner Bank receded DM 2.40 to DM 207.10 and **Deutsche Bank** DM 1.70 to DM 273.80, while **Linde**, in Engineerings, shed DM 1.50, and **Schering**, in Chemicals, lost DM 1.50.

Among Motors, **Volkswagen** receded DM 1.00 but **Daimler Benz** picked up DM 1.00.

On the Domestic Bond market, Public Authority issues were still dogged by uncertainty and recorded fresh losses ranging to 20 pfennigs. Mark Foreign Loans were mixed.

NOTES: Overseas prices shown below exclude $ premium. Belgian dividends are after withholding tax.
◆ DM 50 denom. unless otherwise stated, yields based on net dividends plus tax.
♥ Pta 500 denom. unless otherwise stated.
♣ DKr 100 denom. unless otherwise stated.
◆ SwFr 500 denom. and Bearer shares unless otherwise stated. ¶ Y50 denom. unless otherwise stated. $ Price at time of suspension. *a* Florins. *b* Schillings. *c* Cents. *d* Dividend after pending rights and/or scrip issue. *e* Per share. *f* Francs. *g* Gross div. %. *h* Assumed dividend after scrip and/or rights issue. *k* After local taxes. *m* % tax free. *n* Francs including Unilac div. *p* Nom. *q* Share split. *s* Div. and yield exclude special payment. *t* Indicated div. *u* Unofficial trading. *v* Minority holders only. *y* Merger pending. * Asked. † Bid. § Traded. ‡ Seller. *z* Assumed. *xr* Ex rights. *xd* Ex dividend. *xc* Ex scrip issue. *xa* Ex all. Δ Interim since increased.

Indices

NEW YORK—DOW JONES

	Sept. 24	Sept. 21	Sept. 20	Sept. 19	Sept. 18	Sept. 17	1979 High	1979 Low	Since Compil'n High	Since Compil'n Low
◆ Industr'ls	885.84	893.94	888.88	878.45	874.15	881.31	893.88 (20/9)	807.00 (27/2)	1051.70 (11/1/73)	41.22 (2/7/32)
H'me B'nds	85.24	85.47	85.40	85.37	85.40	85.51	[illegible] (15/8)	82.32 (8/5)	—	—
Transport.	263.15	265.24	264.37	263.15	263.68	265.87	271.77 (15/8)	205.78 (27/2)	279.88 (7/2/69)	12.23 (8/7/32)
Utilities	106.75	106.23	107.00	106.51	106.26	107.17	109.61 (23/8)	98.51 (15/5)	165.32 (20/4/69)	10.58 (28/4/42)
Trading Vol 000's†	33,960	52,650	45,210	35,440	38,860	37,820	—	—	—	—

◆ Day's high 891.59 low 882.85

Ind. div. yield %	Sept. 21	Sept. 14	Sept. 7	Year ago (approx)
	5.56	5.65	5.67	5.50

STANDARD AND POORS

	Sept. 24	Sept. 21	Sept. 20	Sept. 19	Sept. 18	Sept. 17	1979 High	1979 Low	Since Cmpil't'n High	Since Cmpil't'n Low
‡Indust'ls	122.40	123.46	123.56	120.76	120.38	121.51	123.56 (20/9)	107.08 (27/2)	134.64 (11/1/73)	3.52 (30/6/32)
§Composite	108.97	110.47	110.51	108.28	108.00	108.84	110.51 (20/9)	96.13 (27/2)	125.85 (11/1/73)	4.40 (1/6/32)

	Sept. 19	Sept. 12	Sept. 5	Year ago (approx)
Ind. div. yield %	5.06	5.06	5.12	4.85
Ind. P/E Ratio	8.04	7.74	7.87	9.43
Lond Gov. Bond Yield	9.13	9.11	9.11	8.47

N.Y.S.E. ALL COMMON

Sept. 24	Sept. 21	Sept. 20	Sept. 19	1979 High	1979 Low
62.37	62.88	62.85	61.76	62.88 (21/9)	53.88 (27/2)

Rises and Falls

	Sept. 24	Sept. 21	Sept. 20
Issues Traded	1,899	1,921	1,885
Rises	459	846	923
Falls	1,054	661	581
Unchanged	386	414	381
New Highs	58	—	91
New Lows	36	—	45

MONTREAL

	Sept. 24	Sept. 21	Sept. 20	Sept. 19	1979 High	1979 Low
Industrial	314.85	317.10	315.95	310.76	317.10 (21/9)	218.19 (2/1)
Combined	301.65	303.45	302.50	298.49	303.45 (21/9)	225.88 (2/1)
TORONTO Composite	1735.6	1740.9	1737.9	1721.9	1740.9 (21/9)	1315.8 (2/1)
JOHANNESBURG Gold	382.8	388.1	(u)	382.6	382.9 (24/9)	228.4 (17.4)
JOHANNESBURG Industrial	361.6	362.3	(u)	358.4	362.3 (21/9)	278.5 (2/1)

	Sept. 25	Previous	1979 High	1979 Low
Australia (¶)	671.39	667.81	676.77 (17/9)	545.72 (2/1)
Belgium (‖)	108.75	108.01	109.00 (5/7)	96.80 (3/1)
Denmark (**)	85.18	85.30	97.46 (25/7)	85.32 (8/1)
France (††)	105.0	105.1	105.1 (24/9)	71.6 (15/2)
Germany (‡‡)	759.9	764.5	839.6 (16/1)	719.4 (7/6)
Holland (§§)	74.9	74.4	85.9 (24/1)	71.3 (7/6)
Hong Kong (¶¶)	642.60	632.44	642.60 (25/9)	493.85 (2/1)
Italy (‖‖)	88.56	90.92	90.35 (21/9)	68.38 (2/1)
Japan (a)	457.01	(c)	462.97 (31/1)	435.13 (13/7)
Singapore (b)	411.08	410.67	411.08 (25/9)	346.34 (23/2)

	Sept. 25	Previous	1979 High	1979 Low
Spain (d)	90.75	(c)	111.96 (8/3)	90.73 (25/9)
Sweden (e)	552.28	551.37	401.34 (6/3)	351.37 (24/9)
Switzerl'd (f)	323.1	322.2	329.1 (2/5)	294.0 (3/1)

Indices and base dates (all base values 100 except NYSE All Common — 50; Standards and Poors—10; and Toronto 300—1,000; the last named based on 1975). † Excluding bonds. ‡ 400 Industrials. § 400 Industrials, 40 Utilities, 40 Finance and 20 Transport. ¶ Sydney All Ordinary. ‖ Belgian SE 31/12/63. ** Copenhagen SE 1/1/73. †† Paris Bourse 1961. ‡‡ Commerzbank Dec. 1953. §§ Amsterdam Industrial 1970. ¶¶ Hang Seng Bank 31/7/64. ‖‖ Banca Commerciale Italiana 1972. *a* Tokyo New SE 4/1/68. *b* Straits Times 1966. *c* Closed. *d* Madrid SE 29/12/78. *e* Stockholm Industrial 1/1/58. *f* Swiss Bank Corporation. *u* Unavailable.

MONDAY'S ACTIVE STOCKS

	Stocks traded	Closing price	Change on day
IBM	523,900	67⅞	−2
General Motors	517,600	65¾	+1¼
Louisiana Land	503,500	43⅞	+1¼
Am. Tel. & Tel.	471,700	56⅞	+⅛
Mobil	390,500	51	−2⅛
Public Svc. Inds.	322,800	24⅛	—
MGIC Inv.	319,600	35	−2⅛
Cessna Aircraft	306,500	19	−1
Howard Johnson	280,500	21⅛	+⅛
Gulf Oil	275,700	33⅛	−1

BASE LENDING RATES

A.B.N. Bank	14 %
Amro Bank	14 %
American Express Bk.	14 %
A P Bank Ltd.	14 %
Henry Ansbacher	14 %
Associates Cap. Corp.	14 %
Banco de Bilbao	14 %
Bank of Credit & Cmce.	14 %
Bank of Cyprus	14 %
Bank of N.S.W.	14 %
Banque Belge Ltd.	14 %
Banque du Rhone et de la Tamise S.A.	14½ %
Barclays Bank	14 %
Bremar Holdings Ltd.	15 %
Brit. Bank of Mid. East	14 %
■ Brown Shipley	14 %
Canada Perm't Trust	14 %
Cayzer Ltd.	14 %
Cedar Holdings	14 %
■ Charterhouse Japhet	14 %
Choulartons	14 %
C. E. Coates	14 %
Consolidated Credits	14 %
Co-operative Bank	*14 %
Corinthian Secs.	14 %
Credit Lyonnais	14 %
The Cyprus Popular Bk.	14 %
Duncan Lawrie	14 %
Eagil Trust	14 %
English Transcont.	14 %
First Nat. Fin. Corp.	15½ %
First Nat. Secs. Ltd.	15½ %
■ Antony Gibbs	14 %
Greyhound Guaranty	14 %
Grindlays Bank	‡14 %
■ Guinness Mahon	14 %
■ Hambros Bank	14 %
■ Hill Samuel	§14 %
C. Hoare & Co.	†14 %
Julian S. Hodge	15 %
Hongkong & Shanghai	14 %
Industrial Bk. of Scot.	14½ %
Keyser Ullmann	14 %
Knowsley & Co. Ltd.	15½ %
Lloyds Bank	14 %
London Mercantile	14 %
Edward Manson & Co.	15 %
Midland Bank	14 %
■ Samuel Montagu	14 %
■ Morgan Grenfell	14 %
National Westminster	14 %
Norwich General Trust	14 %
P. S. Refson & Co.	14 %
Rossminster	14 %
Ryl. Bk. Canada (Ldn.)	14 %
Schlesinger Limited	14 %
E. S. Schwab	15 %
Security Trust Co. Ltd.	15 %
Shenley Trust	16 %
Standard Chartered	14 %
Trade Dev. Bank	14 %
Trustee Savings Bank	14 %
Twentieth Century Bk.	15 %
United Bank of Kuwait	14 %
Whiteaway Laidlaw	14½ %
Williams & Glyn's	14 %
Yorkshire Bank	14 %

■ Members of the Accepting Houses Committee.
* 7-day deposits 11½%, 1-month deposits 11¾%.
† 7-day deposits on sums of £10,000 and under 11½%, up to £25,000 12% and over £25,000 12¼%.
‡ Call deposits over £1,000 11½%.
§ Demand deposits 11½%.

NEW YORK

CANADA

EUROPEAN OPTIONS EXCHANGE

GERMANY ◆

TOKYO ¶

AUSTRALIA

STOCKHOLM

AMSTERDAM

BRUSSELS/LUXEMBOURG

OSLO

JOHANNESBURG

PARIS

SWITZERLAND ◆

COPENHAGEN ♣

MILAN

VIENNA

BRAZIL

SPAIN ♥

Financial Rand U.S.$0.87½ (Discount of 27½%)

COMMODITIES AND AGRICULTURE

Brazil acts on coffee smuggling

By Diana Smith

BRASILIA — The Brazilian Government is taking urgent steps to block the "smugglers' corridor" to Paraguay, which loses the treasury hundreds of millions of dollars a year in coffee revenue.

Paraguay is estimated to export fivetimes more coffee than it grows.

In the first 18 days of its anti-smuggling campaign, operated through night-time closing of frontier posts and seizure of suspicious vehicles, Brazilian authorities confiscated 6,850 sacks of processed coffee, worth $1.6m and 2,330 sacks of coffee beans worth $186,000.

Meanwhile, Reuter reported from Bogota that Colombian coffe exports from October 1, 1978, to September 15, 1979 totalled 10.7m 60-kilo bags, 57.3 per cent more than in the same periid of the previous coffee year.

Foreign trading controls in U.S. backed

WASHINGTON — Senior staff members of the Commodity Futures Trading Commission agree the agency should approve its proposed rule for foreign traders in U.S. commodity markets, Mr. John Gaine, CFTC general counsel, has told the commission.

The proposed rule will not drive foreigners from U.S. futures markets, but will allow compliance with reporting rules and special calls for information, he said.

The proposal would require foreign participants in U.S. markets to designate an agent of service in the U.S. to accept delivery of CFTC requests for information, such as market activities or positions.

The CFTC will consider the proposal in public session.

Ghana cocoa

ACCRA—The Ghana Cocoa Marketing Board said it purchased 809 tonnes in the ninth week of the mid-crop season ending September 20, against 899 last week.

This brings the total so far this season to 13,799 tonnes at the same point last year.

Meanwhile, it was reported that the Cocoa Producers' Alliance, whose membership includes all major cocoa producing countries, will meet in Lome, Togo, on October 2-12.
Reuter

French lamb ban illegal, European Court rules

BY MARGARET VAN HATTEM

FRANCE WILL no longer be able to block imports of cheap British lamb and mutton following a ruling yesterday by the European Court of Justice that such curbs violate EEC rules.

The court said that although the Common Agricultural Policy does not yet incorporate sheep meat, France has no right to set up national import curbs.

The levies and outright bans it has imposed on British sheepmeat since the beginning of last year violated the provisions of the Treaty of Rome, said the court, awarding costs against the French Government.

The outcome of the case, which was brought by the EEC Commission following complaints from the British Government, was widely expected. It follows a similar ruling earlier this year against the British Government over a UK ban on potato imports.

The ruling will not necessarily bring an immediate lifting of the current French ban on UK lamb and mutton, but EEC Agricultural Ministers, who will meet informally in Killarney, Ireland this week, are expected to discuss ways of removing the curbs gradually so as to minimise disruption to the French market.

The ruling is expected to give fresh impetus to Community efforts to set up a common market for sheep meat. These have made little headway over the past year, largely due to uncertainty about the legality of the French measures.

Opposition

Since UK accession to the EEC, France has sought to protect its higher-priced market from British competition. It fears that the British might satisfy domestic demand with New Zealand lamb and flood the French market with British produce.

In recent years, French lamb prices have been more than double those in Britain. The gap had gradually narrowed, but for the first half of this year, British prices were still only 70 per cent of those in France. The French are currently pressing for a high level of EEC price support for their sheep farmers, with intervention buying and payments to farmers which would offset any drop in their prices.

But British opposition to these demands may well be strengthened after yesterday's ruling.

John Cherrington writes: British sheep farmers have been anxiously waiting for the court's judgment as a means of bolstering their flagging fortunes. Prices of all classes of breeding sheep have fallen steeply since last year and fat lamb prices are actually lower than a year ago.

But it is doubtful that, even in the unlikely event of an immediate opening of the French market, there would be an explosion of prices here.

Large numbers of lambs are believed to be already reaching France via Belgium and Germany free of duty. The costs, together with the strength of sterling, do not allow for much profit even at present French prices. Any substantial increase in imports into France could well cause a market collapse there.

U.S. stockpile trading to expand

BY PAUL CHEESERIGHT

A MAJOR expansion of U.S. stockpile trading is planned over the next five years as the General Services Administration seeks to put into practice new policies laid down in the recently passed Strategic and Critical Materials Stockpiling Revision Act.

In the fiscal year sarting next month, sales are planned to reach $365m, compared with a recent annual rate of between $60m and $70m. Purchases could reach about $60m, making a total turnover of $425m.

By 1982, turnover is expected to reach $800m a year, as the pace of activity quickens towards a target of disposals worth $2.8bn and acquisitions worth $2.6bn between the net financial year and 1985.

These figures were given to the annual convention of the American Mining Congress in Los Angeles yesterday by Mr. Robert Cornell—assistant commissioner for stockpile transactions in the Federal Property Resources Service of the GSA.

The plans have been worked out to correct the imbalances in a strategic stockpile caused by shifts in policy over recent years. Many of the materials in the stockpile were bought in the 1940s and 1950s. But this period was followed by extensive sales, which reached a peak of $2bn in 1974.

These two phases were the result of changing ideas about the nature of the stockpile. Although the basic aim remained the same—that is that the stockpile should be for national defence purposes only—the size of the stockpile was based between 1946 and 1958 on the idea of sustaining the U.S. for a five-year emergency.

Between 1958 and 1973, it was based on a three-year emergency and between 1973 and 1976 on a one-year emergency. The target was raised again to three years in 1976, and the latest Act confirms this.

The present value of the stockpile stands at just under $13bn. It is made up of 97 items as varied as opium, rubies and tungsten. But metals and minerals make up the main category with 79 items.

With the establishment of new goals for each commodity, it has been established that 37 materials worth $5.6bn are held by the GSA in excess of requirements, largely because patterns of use have changed since their purchase. On the other hand the stockpile is short of varying quantities of another 40 commodities, which would cost about $10bn to buy at current prices.

Official statistics for the end of last year relating the stockpile's inventory to its needs showed serious shortages for materials which now have a strategic importance. These included chromium metal, cobalt, columbium, palladium, platinum, tungsten and vanadium.

By contrast, the stockpile held too much antimony, bismuth, metallurgical chromite, industrial diamonds, mercury and tin.

But the 1979 Act places severe restrictions on the stockpile managers. They need Congressional approval for disposals and acquisition. Beyond that they are specifically forbidden from disrupting the markets.

Drought hits Indian grain crop

By K. K. Sharma

NEW DELHI—The summer harvest in India is expected to fall sharply, by at least 12m tonnes of foodgrain, following the unusually severe drought that has hit many parts of the country, Agriculture Minister, Brahm Prakash, said yesterday. The loss is thus estimated at about Rs15bn (about $2bn).

Although this is a heavy loss, the Minster does not expect the food situation to be difficult since the stock position is good, foodgrain stocks are now said to be around 20m tonnes. Mr. Prakash described the position as "very comfortable."

The Minister announced a grant of an additional 1m tonnes of foodgrain under the "food-for-work" programme to the states hit by the drought.

Attempts are being made to improve the yield from the winter crop. Mr. Prakash said the Government had decided to give priority to the allocation of diesel and electricity to farmers

Farmers will get bigger loans to raise winter crops.

Bangladesh to boost wheat output

By a Correspondent

BANGLADESH will try to triple wheat production to 1.5m tonnes in the next year in an effort to narrow the foodgrain deficit. The deficit has grown alarmingly to more than 2m tons because of bad weather this year.

The plan is part of a general aim to double foodgrain production over the next five years to more than 26m tonnes.

This year's rice crop was so small that there were fears of a big famine between now and the end of the year. But this has been averted by massive foreign buying and by successful efforts to get the grain from ships to the affected areas.

The danger period for famine is by no means over. It will last until the main rice harvest is gathered—probably not until December this year because of the late monsoons.

Prices of coarse rice, which had been heading for record levels in mid-August, have dropped considerably in the past few weeks.

Rice is the Bangladeshis' staple diet. But in the last few years wheat, both homegrown and imported, has become acceptable to the poorer sections of society.

COMMODITY AGREEMENTS

Final lap in rubber pact negotiations

BY BRIJ KHINDARIA IN GENEVA

NEGOTIATIONS AIMED at concluding an international agreement for natural rubber, between producing and consuming countries, opened here with general optimism of success.

Mr. Peter Lai, Malaysian chairman of the conference, pointed out that the thorniest problems, concerning price targets and the level of reserve stocks, had already been solved at earlier negotiations. He believed compromise solutions would be found for the four or five different issues yet to be resolved.

The main hurdles remaining at the 50-nation conference stem from U.S. demands that producers should consult with consumers before launching policies which might alter production conditions and levels. It wants to include in the agreement some kind of commitment by producers not to arbitrarily reduce output; to supply contracted quantities; and to increase supplies annually by reasonable levels.

These demands have been stubbornly opposed by producers and forced the earlier round of negotiations in Geneva last July to end inconclusively. Negotiating positions have not changed significantly since July but delegates are generally optimistic about the chances of finalising an agreement at the current two-week session.

The agreement envisaged is a classical market and price stabilisation scheme. It will use reserve stocks of 400,000 tonnes, supplemented by emergency stocks of 150,000 tonnes, to maintain world natural rubber prices around a middle level of 210 Singapore cents per kilo.

The price will not be allowed to slip outside a price band ranging from 150 to 270 Singapore cents a kilo. Rubber will be sold from the reserve stocks when the price rises above 242 cents a kilo, and bought for storage when it falls below 170 cents a kilo.

The U.S. has long advocated a large reserve stock to iron out any impact of supply shortages which have been forecast by the World Bank for the coming decade. But producers, who are mainly developing countries, have resisted the idea of a large buffer stock because of the high cost of storage.

Larget

On the financial side, the U.S. favours a firm commitment to cover all costs associated with the acquisition and operation of the reserve stocks. But the Common Market, citing resistance from the European Parliament, has argued against compulsion to undertake any such huge expense.

Natural rubber is produced mainly in South East Asia. The largest consumers are the U.S. and the Common Market. Main trading markets are in London, Singapore and Kuala Lumpur.

Meanwhile, negotiations on another commodity agreement for copper, which also started here this week, are not expected to make much progress. The argument still centres on whether or not an international agreement is necessary or desirable for copper, in spite of 16 sessions of negotiations on copper held here since 1976.

Delegates agreed to begin their one-week discussions this time on the basis of a French statement summing up progress so far in the negotiations.

The French identified two main currents of opinion. The first, backed by most of the consumers, including the U.S. which is the world's biggest copper producer but also a net importer, is that the free market mechanism should not be tampered with at all.

The other is that a binding commodity agreement should be concluded, including a reserve stock mechanism that would be used to keep copper prices within an agreed maximum and minimum range as in the case of rubber. This view is backed by most producers, including leading exporters like Zambia and Peru.

Britain, Canada, West Germany and Japan have jointly tabled a document which proposes an agreement that would go no further than exchange of information and systematic consultation among producers and consumers.

Caribbean sugar in 'traumatic' state

BY OUR OWN CORRESPONDENT

GEORGETOWN — The Caribbean sugar industry is beset by a multitude of political and economic problems. Its total collapse is being prevented largely by the high prices paid for its produce by the European Community, Mr. Gavin Kennard, Guyana's Agrictulture Minister warned here yesterday.

On the other hand, flooding of the world market with highly-subsidised beet sugar and the refusal of some countries to sign the International Sugar Agreement contributed to the difficulties, which had brought the industry into a "critical and traumatic" state, he said.

The EEC has yet to sign the agreement, and it is regularly attacked for its beet sugar export policies.

The minister told a technical conference that the sugar business in the Caribbean Community (Caricom) faced difficulties including competition from artificial sweeteners, rising oil prices, and inflationary prices for capital goods.

In addition, local problems such as foreign exchange shortages, people's attitude to work, emigration of managerial and technical staff, climate, and political agitation, had inflicted "painful and costly wounds."

Mr. Kennard pointed to a need for technology to be developed to make the sugar industry self-sufficient in its energy needs and to diversify its dependence from raw sugar for its main income. Reorganisation of the plantation system, and general improvements in production and efficiency were also needed.

A document issued at the conference showed that, except for St. Kitts-Nevis (the smallest producer), sugar production had declined between 1974 and 1978.

For the whole of Caricom, the cane area increased from 443,726 to 462,552 acres, and production fell from 1,029,576 to 903,780 tons.

BRITISH COMMODITY MARKETS

BASE METALS

COPPER—Surged ahead in hectic trading for the second day running on the London Metal Exchange. Forward metal opened at £975 and proceeded to climb with small bouts of profit-taking quickly met by renewed heavy speculative buying. This took three months material up to the day's high of £1,015 on the late kerb. However, buying continued in the late inter-office trading when forward metal was quoted around £1,023. Turnover 28,300 tonnes.

COPPER	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Wirebars				
Cash	991-2	+58	1010-1	+42.5
3 months	989-90	+40.	1010-1	+47.5
Settlem't	992	+58	—	......
Cathodes				
Cash	960-1	+34.5	977-8	+41.5
3 months	966-7	+38	987-90	+46.5
Settlem't	961	+34	...	......
U.S. Smt.	—	...	*89-95	...

Amalgamated Metal Trading reported that in the morning cash wirebars traded at £989, 90, 91, three months £985, 86, 87, 88, 86, 85, 86, 87, 87.5, 87, 89, 88, 89, 88, 87, 88, 89, 90. Cathodes, cash £961, 60, three months £968, 67, 66. Kerb: Wirebars, three months £990, 89, 87, 88, 90, 91. Afternoon: Wirebars, cash £1,012, 11, three months £1,005, 4, 2, 4, 5, 4, 3, 5, 6, 7, 8, 5, 4, 20, 15, 12, 13, 11, 12, 15, 12, 13, 12, 11, 10. Kerb: Wirebars, three months £1,011, 9, 8, 9, 10, 12, 10, 11, 12, 11, 12, 13.

TIN—Held steady with the market tending to be overshadowed by the hectic trading in copper, lead and zinc. Forward metal opened at £7,175 but eased back to close the late kerb at £7,135, mainly owing to hedge selling. Turnover 1,075 tonnes.

TIN	a.m. Official	+ or —	p.m. Unofficial	+ or —
High Grade	£	£	£	£
Cash	7300-5	+60	7275-80	—2.5
3 months	7145-50	+17.5	7150-60	+5
Settlem't	7305	+60	—	......
Standard				
Cash	7300-5	+60	7275-80	—2.5
3 months	7145-50	+17.5	7150-5	+5
Settlem't	7305	+60	—	.....
Straits. E.	$1985	+15	—	.....
NewYork	—	.....	—	.....

Morning: Standard, cash £7,300, three months £7,150, 60, 50, 45, 50, 45, 50. Kerb: Standard, three months £7,140. Afternoon: Standard, cash £7,265, 70, 80, 75, three months £7,160, 50, 35, 30. Kerb: Standard, three months £7,140, 35.

LEAD—Raced ahead influenced by the surge in copper. Forward metal opened at £582 and moved up all day to close the late kerb at £610 with the price rising afresh in the late inter-office trading when forward metal was quoted at £612. ...

[illegible]

CORAL INDEX: Close 468-473

AMERICAN MARKETS

NEW YORK, Sept. 25.
THE GOLD and silver markets ran into good profit-taking, with silver closing down the limit and gold sharply lower. Copper showed independent strength through trade buying and speculative short-covering, resulting in a limit-up close. Grains and soyabeans ran into accelerating commercial sales with the expanded harvest and closed lower. ...

...May 1620.0-1627.0, July 1631.0, Sept. 1642.5, Dec. 1659.0, Jan. 1665.5, March 1675.5, May 1687.5, July 1698.5. Handy and Harman bullion spot 1570.00 (same).

Tin—752.00-767.00 asked (725.00-730.00).

CHICAGO, Sept. 25.
Lard—Chicago loose 25.75 (same). New York prime steam unavailable. ...

¶Silver—Sept. 1533.0 (1597.0), Oct. 1541.0 (1601.0), Nov. 1558.5, Dec. 1578.0, Jan. 1589.0, March 1608.0-1610.0.

§Wheat—SCV/RS 13.5 per cent protein content cif St. Lawrence 233.69 (235.39).

EUROPEAN MARKETS

ROTTERDAM, Sept. 25
Wheat—U.S. No. Two Dark Hard Winter wheat, 13.5 per cent Oct. $207, Nov. $209, Dec. $210, Jan. $212, Feb. $215, March $216. U.S. Hard Winter Wheat Ordinary unquoted. U.S. No. Two Red Winter Wheat spot $197, Sept. $195, Oct. $196, Nov. $199, Dec. $204. U.S. No. Two Northern Spring Wheat, 14 per cent. Sept. $202, Oct. $202, Nov. $203.50, Dec. $215.50, Jan. $221.50, Feb. $223.50, March $225.50, April/May $206.50.

Maize—U.S. No. Three Corn Yellow AFL $142.0, Sept. $143, Oct. $142.50, Nov. $143, Dec. $146, Jan./March $151.50, April/June $152.50.

Soyabeans—U.S. Two Yellow Gulfports Sept. $304, Oct. $294.25, Nov. $294.25, Dec. $300.25, Jan. $304, Feb. $310.25, March $310.75, April/May $314.50, June $316.25, July/August/Sept. $316.75, sellers, Oct. $294 paid Brazil Yellow Faq unquoted. Argentine Sept. $297, May $308, June/July $309.50, sellers.

Soyameal—44 per cent protein U.S. AFL $233, Sept. $237, Oct. $240, Nov. $248, Nov./March $248, April/Sept. $256. Brazil Pellets AFL/Sept. $245, Oct $251, Nov. $257, April/Sept. $281.

PARIS, Sept. 25.
Cocoa—(FFr per 100 kilos). Sept. 1,300-1,385, May 1,390, July 1,390, Sept 1,380-1,385, May 1,390, July 1,390, Sept. 1,390. Sales at call 1.

Sugar (FFr per 100 kilos). Nov. unquoted, Dec. 1,116-1,168, March 1,213-1,215, May 1,242-1,245, July 1,260-1,280, August 1,280/1,295, August 1,280-1,295, Oct. 1,305-1,315, Nov. 1,310-1,325. Sales at call 0.

INDICES

FINANCIAL TIMES

Sept. 24	Sep. 21	M'nth ago	Year ago
298.00	294.29	287.17	252.48

(Base: July 1, 1952=100)

DOW JONES

Dow Jones	Sept. 24	Sept. 21	Month ago	Year ago
Spot ...	410.36	408.18	403.77	379.39
F'tur's	415.72	414.87	414.36	379.68

(Average 1924-25-26=100)

MOODY'S

Sept. 21	Sept. 21	M'nth ago	Year ago
1152.3	1142.3	1095.3	949.9

(December 31, 1931=100)

REUTERS

Sept. 25	Sept. 24	M'nth ago	Year ago
1636.1	1624.5	1581.7	1487.0

(Base: September 18, 193. =100)

... Scottish killed sides 60.0 to 65.0; Eire hindquarters 68.0 to 73.0, forequarters 44.0 to 46.0. Veal: English fats 68.0 to 76.0, *English fats 78.0; Dutch hinds and ends 98.0 to 103.0. Lamb: English small 54.0 to 60.0, medium 52.0 to 56.0, heavy 46.0 to 53.0; Scottish medium 52.0 to 56.0, heavy 44.0 to 52.5. Imported frozen: NZ PL 48.5 to 49.5, PM 47.0 to 48.0. Pork: English, under 100 lb 38.0 to 46.0, 100-120 lb 38.0 to 45.0, 120-160 lb 38.0 to 43.0. Grouse: Young, best (each) 280.0 to 330.0. * Special quotation—very high quality produce in limited supply.

COVENT GARDEN—Prices in sterling per package except where otherwise stated. Imported Produce: Oranges—S African: Valencias 4.00-5.20, Navels/Proteas 3.20-4.30; Brazilian: Peras 1.50-2.30, Valencia Latas 64/144 3.20-5.00. Lemons—Italian: 100/150's 5.00-6.00; Spanish: Trays 2.00-2.50; 100/120's 4.80-5.20. Turkish: ...

LONDON STOCK EXCHANGE

Best equity gains for nearly four months as buyers find market short and push index up 7.8 to 469.8

Account Dealing Dates

Option

*First Dealings	Declarations	Last Dealings	Account Day
Sep. 10	Sep. 20	Sep. 21	Oct. 1
Sep. 24	Oct. 4	Oct. 5	Oct. 15
Oct. 8	Oct. 18	Oct. 19	Oct. 29

* "New time" dealings may take place from 9.30 am two business days earlier.

An early stirring of interest in North Sea oil securities following Press coverage of two more promising discoveries in the UK sector was sustained in later dealings and proved to be one of the mainstays in equity shares which made another firm showing yesterday.

Trade in Gilt-edged was featured late by the Government broker selling more of the short tap stock at the price of 95¾ established last Friday; he withdrew at that level and speculation that his supplies of the stock must be near exhaustion led to all-round firmness which left long-dated issues with gains stretching to ½, after earlier falls to ¼.

Mining issues were generally higher again on the backing commodity prices, with U.S. and Continental buying leaving a strong late tone in gold shares on the good showing of the bullion price and despite its slight downturn yesterday.

Apart from early interest in oils, equity shares also benefited from the emergence of more buying inquiries from institutional investors. This resulted in a further squeeze on short positions and in a subsequent raising of the general price level in leading issues.

The Industrial Ordinary share index, up a point at 10 am, put on 4 points more in the next hour and a further 4 by 2 pm before ending at 469.8 for a rise of 7.8; this is its biggest gain in a day since May 29.

Numerous company trading statements were mostly in holders' favour and frequent bright features reflecting speculation on bid favourites were further factors bolstering sentiment. The overall trend showed distinctly in the near 4:1 rises: falls ratio in FT-quoted equities as against 7:4 on Monday and 11:8 last Friday. Business, however, failed to expand to any great extent as seen in the bargains total of 17,339 compared with the previous day's 15,231 and last Friday's 17,869.

Renewed institutional demand and a sizeable business connected with purchases of Hong Kong securities brought higher rates again for investment currency and the premium closed another two points up at 37¼ per cent. Yesterday's SE conversion factor was 0.8776 (0.8919).

Yesterday saw 452 contracts completed in the Traded Option market, making it the busiest day since August 22 (1,117). ICI were relatively active, recording 100 deals, while 89 were done in Courtaulds.

F. C. Finance up

Demand in a thin market helped F. C. Finance put on 7 to 70p ahead of tomorrow's interim results, while Hambros encountered renewed support and put on 6 to 336p. Kleinwort Benson, however, declined 4 to 142p following the cautious interim statement. Firm overseas banks had Hong Kong and Shanghai up 10 further at 162p on far-eastern influences, while Standard Chartered picked up 8 more to 480p. The major clearers moved higher with the general trend but closed below the best; Barclays added 8 to 430p, after 435p.

Insurances contributed to the general firm trend. Lloyd's brokers had C. E. Heath closing 8 to the good at 215p, while rises of 5 and 4 respectively were seen in Willis Faber, 230p, and Christopher Moron, 40p.

Revived bid speculation carried Davenports up 7 to 129p in the Brewery sector where Allied moved up 2 to 94p and Guinness gained 3 to 188p. Greene King were also prominent at 380p, up 7, along with Belhaven, which improved 4 to 42p. Distillery shares joined in the upward movement and Distillers closed 4 better at 234p with A. Bell similarly dearer at 184p, but Tomatin encountered profit-taking after the higher interim profits and lost 4 to 187p.

Still reflecting the better-than-expected half-yearly results, Tarmac encountered fresh buying interest and put on 9 for a two-day gain of 19 to 304p. Selective support was evident elsewhere in the Building sector. Barratt Developments responded to the preliminary figures with a rise of 4 to 132p, while demand ahead of tomorrow's half-yearly statement left RMC 7 to the good at 157p. IDC firmed 4 to 144p on the increased interim dividend and profits.

ICI were reasonably active and closed 11 to the good at 361p, but disappointment with the half-yearly trading statement left Brent Chemicals 12 lower at 248p.

Grattan better

A firm Stores sector was featured by Grattan Warehouses which rose 10 to 129p on speculative buying fuelled by revived rumours that a bid from Gussies may be in the offing; the latter's "A" shares also closed 10 dearer, at 394p. Empire rose 6 in sympathy to 190p. Lee Cooper put on 8 more to 230p after further buying in a thin market, while B. Paradise, at 16p, retrieved 3 more of last Friday's sharp fall which followed the poor annual results. Stylo revived in Shoes with a rise of 10 to 215p.

A noticeable revival of buying interest in the Electrical sector resulted in AB Electronic featuring with a rise of 14 to 208p in response to the good preliminary results. Demand continued for Automated Security which put on 7 further to 214p, while Decca "A," up 10 more at 398p, were good again on bid hopes. Eurotherm met support and put on 9 to 345p along with Unitech, 6 to the good at 218p. Against the trend, Jones Stroud came on offer and fell 5 to 79p, while Lee Refrigeration eased 3 to 50p. Among the leaders, GEC were supported at 378p, up 8, and demand was also forthcoming for Racal which advanced 15 to 263p.

Engineers encountered selective support. Among the leaders, Hawker firmed 6 to 176p. Elsewhere, sporadic demand lifted Babcock 6 to 121p and rises of around 5 were recorded in Victor Products, 142p, Edbro, 127p, and British Aluminium, 205p. Spear and Jackson, up 2 more at 118p, continued to reflect satisfaction with the half-yearly results.

Foods were basically firm although price movements were limited. In the wake of renewed strength in Dalgety, which rose 12 to 298p in response to the excellent start to the year Spillers moved up 2½ to 47½p. Biscuit concerns improved with both Associated and United closing 3 higher at 83p; Spillers have denied making an approach to the latter company. Elsewhere, Bluebird Confectionery advanced 3 late to 77p after the preliminary statement.

Hotels were popular and Grand Metropolitan rose 5 to 154p, while Trusthouse Forte put on 4 to 155p. Brent Walker met with further demand and improved 5 to 105p.

Pilkington easier

Against the firm trend of other miscellaneous industrial leaders, Pilkington were traded lower following details of the group's rationalisation plans for its Triplex Safety Glass subsidiary; however, after falling to 285p the shares picked up late to close 8 down on balance at 295p. Technical influences helped to gains of 4 to 6p in Beecham, 148p, Rank Organisation, 217p, and Bowater, 177p, while Glaxo, with preliminary results due on October 8, closed a few pence better at 470p, after 473p. Elsewhere, Extel gained 5 afresh to 196p, after 200p, on continuing rumours that Racal Electronics, which has a near 8 per cent stake in the company, or Saatchi Saatchi, may be about to make a bid.

Suggestions that the group would soon announce share-slimming proposals helped De La Rue put on 18 to 543p, after 550p, while British Vita gained 9 to 140p on speculative support. Office and Electronic advanced 10 to 198p in response to the increased half-year profits and Barrow Hepburn rose 3 to 36p for a similar reason. Revived North Sea oil enthusiasm lifted National Carbonising 4 to 88p. ICL picked up 14 to 496p and BTR gained 9 to 325p. A re-appraisal of the interim figures helped European Ferries, at 123p, to retrieve 3 of the previous day's fall of 15, while comment on the favourable results helped Parker Knoll A put on 10 to 108p. By way of contrast, Wilkins and Mitchell came on offer and shed 3 to 37p, after 33p, and Unicorn Industries softened a penny to 91p following the interim profits standstill.

Speculative interest in Dutton Forshaw was not entirely dampened by the chairman's denial of a bid approach and the price settled a net 1½ higher at 55½p, after 56½p. Elsewhere in the Motor sector, British Car Auction hardened 2½ to 66½p and Hanger Investments put on 3 to 71p. Among Components, Lucas gained 4 to 340p and Flight Refuelling a like amount to 202p.

Two of the outstanding features in Newspapers comprised United, which jumped 22 to 402p helped by the late announcement of increased first-half profits, and News International, down 10 at 148p following the resignation of the chief executive. Associated moved up 7 to 245p and, in Publishers, W. Collins rose 5 to 120p. DRG eased 2 to 105p, after Monday's rise on the cheerful interim statement, but Watmoughs made a high for the year 143p before closing 4 up on balance at 142p following mid-term results. Elsewhere, Mills and Allen were raised 12 to 305p and More O'Ferrall advanced 7 to a year's peak of 127p.

Buying on hopes of news soon on the bid discussions that are taking place with Eagle Star helped Bernard Sunley feature Properties with a jump of 26 to a 1979 peak of 498p. Elsewhere, technical influences helped the leaders with Land Securities closing 3 to the good at 300p. Great Portland Estates put on 5 to 218p, while improvements of around 7 were recorded in Rush and Tompkins, 143p, Regional A, 109p, and Warnford Investments, 427p.

Oils active again

Following news that two further North Sea oil discoveries had been confirmed as promising, the sector put on another firm and active performance. Profit-taking in the late afternoon left the majority of quotations below the day's best. British Petroleum touched 1365p before settling at 1255p for a rise of 20, while Shell ended 8 to the good at 352p, after 355p. Among secondary issues, Lasmo, 284p, and the OPS, 765p, finished 8 and 25 higher respectively following the interim statement. Oil Exploration advanced 10 to 412p and Tricentrol a similar amount to 230p, while Clyde put on 14 to 256p and British Borneo 6 to 244p.

Among Financial Trusts, London Merchant Securities rose 6 to 116p on the company's North Sea interests.

Shippings made headway with P.O. Deferred rising 3 to 105p and Reardon 8 to 100p.

A. Beckman rose 6 to 80p in belated response to Press comment, but remaining Textiles were little altered.

Tobaccos improved on renewed investment demand and BAT Inds. ended 8 higher at 293p. Imperial pick up 2 to 89p.

Golds surge ahead

South African Golds extended Monday's sharp gains despite the uncertain trend in the bullion price which closed $1.50 down at $377 an ounce.

The feeling that the latter has established itself at around the $370 an ounce level prompted a heavy and widespread demand for shares, prices of which bounded ahead throughout the day on the back of strong overseas and London buying.

This lifted the Gold Mines index a further 8.2 to 224.6—its best level since early February 1976—and the ex-premium index 4.1 to 197.1 its highest since September 1975.

Heavyweights showed rises ranging to a point and more with West Driefontein finally £1¼ better at £27¼.

President Brand and President Steyn both registered improvements of a half-point at £12¾ and £11¼ respectively. Of the medium-priced issues, East Driefontein jumped 44 to 858p, Southvaal 36 to 785p and East Rand Proprietary 26 to 580p.

South African Financials mirrored Golds. "Amgold" rose ¾ more to a 1979 high of £26¼ and GFSA ¾ to £19¾, the latter in front of the chairman's statement. "Amcoal" gained ¾ to £10¾.

In London Financials, Rio Tinto-Zinc were outstanding with a gain of 9 to 303p reflecting the fresh advance in copper prices on the London Metal Exchange.

Platinums responded to the peak free market metal price and Rustenburg added 5 for a two-day rise of 12 to 162p. Impala closed 4 firmer at 310p.

Buoyant overnight domestic markets and renewed strength in metal prices brought out sizeable buying of Australian issues. MIM Holdings featured at 256p, up 20, while Hampton Areas added a like amount to 270p. Gains of around 7 were common to Bougainville, 140p, Conzinc Riotinto, 226p, North Broken Hill, 134p, and Western Mining, 198p.

LONDON TRADED OPTIONS

Option	Ex'rc'se price	Oct. Closing offer	Oct. Vol.	Jan. Closing offer	Jan. Vol.	April Closing offer	April Vol.	Equity close
BP	1100	165	4	210	—	235	—	1260p
BP	1150	115	7	—	—	—	—	"
BP	1200	66	15	155	4	160	—	"
BP	1300	14	15	70	21	100	1	"
Com. Union	180	1	—	3	2	—	—	144p
Cons. Gold	220	28	5	35	15	44	—	248p
Cons. Gold	240	12	—	24	6	29	—	"
Cons. Gold	260	4	1	13	—	—	—	"
Courtaulds	80	10	—	13	5	16	—	86p
Courtaulds	90	3½	42	6½	—	11	—	"
Courtaulds	100	½	—	3½	42	—	—	"
GEC	460	½	—	6	10	—	—	377p
Grand Met.	138	17	10	24	—	—	—	154p
Grand Met.	158	2½	12	9½	12	—	—	"
ICI	330	33	9	42	20	50	—	359p
ICI	360	7	56	21	6	27	—	"
ICI	390	½	—	8	10	15	—	"
Land Secs.	280	22	—	36	10	46	—	301p
Land Secs.	300	7	19	25	—	34	—	"
Land Secs.	330	½	—	12	10	20	—	"
Marks & Sp.	110	2	—	6½	—	10	17	108p
Shell	325	31	11	46	5	—	—	354p
Shell	350	14	9	27	6	—	—	"
Shell	375	4	2	14	—	—	—	"
Shell	400	1½	—	7	12	—	—	"
Shell	360	—	—	—	—	32	2	"
Totals			213		186		20	
		November		**February**		**May**		
BOC Intl.	70	3½	—	6	15	9½	—	69p
EMI	90	7	1	11	—	15	—	92p
RTZ	300	20	1	35	—	48	—	303p
RTZ	330	8	—	20	6	34	—	"
Totals			2		21		—	

FINANCIAL TIMES STOCK INDICES

—	Sept. 25	Sept. 24	Sept. 21	Sept. 20	Sept. 19	Sept. 18	A year ago
Government Secs.	72.33	72.09	72.29	72.01	72.24	72.16	70.15
Fixed Interest	72.68	72.63	72.70	72.56	72.74	72.71	72.04
Industrial	469.8	462.0	460.3	458.1	460.3	468.7	514.2
Gold Mines	224.6	216.4	210.1	211.3	210.6	214.5	177.9
Gold Mines (Ex-$ pm)	197.1	193.0	190.0	191.3	192.1	194.6	123.2
Ord. Div. Yield	6.89	7.01	7.05	7.12	7.08	6.96	5.24
Earnings, Yld. % (full)	17.67	17.96	18.22	18.44	18.33	18.03	14.86
P/E Ratio (net) (*)	6.92	6.80	6.71	6.64	6.68	6.79	8.91
Total bargains	17,339	15,231	17,869	18,253	16,967	16,552	—
Equity turnover £m	—	86.15	85.07	83.94	73.09	66.97	85.02
Equity bargains total	—	10,952	14,619	12,187	12,097	11,761	17,670

10 am 463.0. 11 am 467.0. Noon 468.8. 1 pm 469.6. 2 pm 470.0. 3 pm 469.6.

Latest Index 01-246 8026.

*Nil = 6.68.

Base 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Industrial Ord. 1/7/35. Gold Mines 2/9/55. Ex-$ premium index started June, 1972. SE Activity July-Dec. 1942.

HIGHS AND LOWS

—	1979 High	1979 Low	Since Compilat'n High	Since Compilat'n Low
Govt. Secs.	75.91 (4/5)	64.64 (8/2)	127.4 (9/1/35)	[illegible] (3/1/75)
Fixed Int.	77.75 (5/5)	66.03 (15/2)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	558.6 (4/5)	446.1 (12/2)	558.6 (4/5/79)	49.4 (26/6/40)
Gold Mines	224.6 (25/9)	129.9 (17/4)	442.3 (22/5/75)	43.5 (26/10/71)
Gold Mines Ex $pm)	197.1 (25/9)	95.2 (12/1)	337.1 (3/4/74)	54.3 (25/6/75)

S.E. ACTIVITY

	Sept. 25	Sept. 24
—Daily		
Gilt Edged	121.7	157.6
Industrials	126.5	120.0
Speculative	62.5	43.1
Totals	85.7	84.4
5-d'y Av'r'ge		
Gilt Edged	140.9	151.8
Industrials	133.2	137.8
Speculative	54.0	52.8
Totals	90.8	94.1

ACTIVE STOCKS

Stock	Denomination	No. of marks	Closing price (p)	Change on day	1979 high	1979 low
European Ferries	25p	12	123	+ 3	183	120
Shell Transport	25p	11	352	+ 8	402	278
Pilkington Bros.	£1	10	295	− 8	398	275
BAT Inds.	25p	9	293	+ 8	382	255
GEC	25p	9	378	+ 8	456	311
HK & Sh'bai. Bkg.	$HK2.50	9	162	+10	205	118
ICI	£1	9	361	+11	415	314
BP	£1	8	1,255	+20	1,295	882
P & O Defd.	£1	8	105	+ 3	114	71
RTZ	25p	8	303	+ 9	362	226
Allied Breweries	25p	7	94	+ 2	102	80
Burmah Oil	£1	7	166	+ 2	168	82
Babcock Intl.	25p	6	121	+ 6	198	115
Rank Org.	25p	6	217	+ 6	300	206
Unilever	25p	6	520	+ 4	680	482

OPTIONS

Money was given for the call of LRC International, Allied Colloids, Davenports Brewery, Shell Transport, Premier Consolidated, Lonrho, Gough Cooper, Burton Warrants, Ladbroke, BSG International, Aberfoyle, Silvermines, Pacific Copper, Valor, Woodside Burmah and James Neill. Puts were arranged in Rustenburg, T. Borthwick, Blackman and Conrad and Brasway, while double options were transacted in Royco, Geo. Sandeman and Wm. Press.

NEW HIGHS AND LOWS FOR 1979

The following securities quoted in the Share Information Service yesterday attained new Highs and Lows for 1979.

NEW HIGHS (71)

BRITISH FUNDS (1)
Electric 3½pc '76-79

AMERICANS (1)
Rockwell Inc.

BANKS (1)
Trade Dvlpmt. Bk.

BEERS (1) [illegible]

BUILDINGS (6) [illegible]

CHEMICALS (1) [illegible]

STORES (1) [illegible]

ELECTRICALS (2) [illegible]

ENGINEERING (1) [illegible]

FOODS (1) [illegible]

INDUSTRIALS (10) [illegible]

PAPER (2) [illegible]

PROPERTY (1)
Sunley (B.)

SHOES (1)
Allebone

TEXTILES (1)
Allied Textile

TRUSTS (3)
Lazard Sterling Res. Viking Resources Oil & Assoc.

OILS (7)
Century Premier Cons.
Clyde Petroleum Ultramar
[illegible]

MINES (25) [illegible]

NEW LOWS (22)

[illegible]

RISES AND FALLS YESTERDAY

	Up	Down	Same
British Funds	[illegible]	[illegible]	[illegible]
Corpns. Dom. and Foreign Bonds	[illegible]	[illegible]	[illegible]
Industrials	[illegible]	[illegible]	[illegible]
Financial and Prop.	[illegible]	[illegible]	[illegible]
Oils	[illegible]	[illegible]	[illegible]
Plantations	[illegible]	[illegible]	[illegible]
Mines	[illegible]	[illegible]	[illegible]
Others	[illegible]	[illegible]	[illegible]
Totals	[illegible]	[illegible]	[illegible]

RECENT ISSUES

EQUITIES

Issue Price p	Amount Paid up	Latest Renunc. Date	1979 High	1979 Low	Stock	Closing Price p	+ or −	Div.	Cov'd	Gross Yield	P/E Ratio
[illegible]	F.P.	[illegible]	[illegible]	[illegible]	Barlow Hldgs.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	F.P.	[illegible]	[illegible]	[illegible]	Fogarty (E.) Ord.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	F.P.	[illegible]	[illegible]	[illegible]	Mercantile House	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	F.P.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	F.P.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

FIXED INTEREST STOCKS

Issue Price £	Amount Paid up	Latest Renunc. Date	1979 High	1979 Low	Stock	Closing Price £	+ or −
[illegible]	F.P.	[illegible]	[illegible]	[illegible]	Aurora 8% Conv. Cum. Pref.	[illegible]	[illegible]
[illegible]	F.P.	[illegible]	[illegible]	[illegible]	Bradford Prop. 10½% Cum. Pref.	[illegible]	[illegible]
[illegible]	£10	[illegible]	[illegible]	[illegible]	Eastbourne Waterworks 8% Red. Pref. 1984	[illegible]	[illegible]
[illegible]	£10	[illegible]	[illegible]	[illegible]	Essex Water 8% Red. Pref. 1984	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Do. 12¼% 2nd Mort. Deb. 85-90	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Do. [illegible] 2nd Mort. Deb. 90-95	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Scot. Agricultural Sec. 13% Deb. 97-99	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Stonehill 10½% Cum. Pref.	[illegible]	[illegible]

"RIGHTS" OFFERS

Issue Price p	Amount Paid up	Latest Renunc. Date	1979 High	1979 Low	Stock	Closing Price p	+ or −
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Bank Leumi	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Bank of New South Wales	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	BH Proprietary	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Estates Property Inv.	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	F.U.G.I.T.	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Hepworth Ceramics	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Lennons	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Macarthys Pharm.	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Norton	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Unitech	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Yorkgreen Inv.	[illegible]	[illegible]

Renunciation date usually last day for dealing free of stamp duty. [illegible]

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

	EQUITY GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Tues., Sept. 25, 1979 Index No.	Day's Change %	Est. Earnings Yield % (Max.)	Gross Div. Yield % (ACT at 30%)	Est. P/E Ratio (Net)	Mon., Sept. 24 Index No.	Fri., Sept. 21 Index No.	Thur., Sept. 20 Index No.	Wed., Sept. 19 Index No.	Year ago (approx.) Index No.
1	CAPITAL GOODS (172)	239.95	+1.2	17.86	6.00	7.18	237.15	236.51	237.83	240.02	249.05
2	Building Materials (27)	234.41	+1.1	17.24	5.84	7.52	231.87	230.63	230.03	233.98	216.13
3	Contracting, Construction (28)	384.96	+1.1	23.87	5.80	5.23	380.68	378.76	378.51	383.22	409.99
4	Electricals (15)	617.63	+1.5	13.17	3.76	10.16	608.80	605.49	605.59	612.13	562.83
5	Engineering Contractors (12)	324.63	+2.1	22.06	7.45	5.65	317.94	321.32	325.83	330.14	374.70
6	Mechanical Engineering (74)	161.73	+1.0	20.73	7.24	6.13	160.13	160.21	161.33	163.82	197.31
8	Metals and Metal Forming (16)	156.77	+0.6	19.40	9.56	6.40	155.88	155.68	156.20	156.71	176.74
	CONSUMER GOODS										
11	(DURABLE) (52)	238.91	+2.1	15.42	4.85	8.13	234.00	231.98	230.31	233.38	217.57
12	Lt. Electronics, Radio, TV (16)	344.36	+2.6	11.79	3.59	10.95	335.77	332.42	329.21	334.15	265.99
13	Household Goods (13)	141.99	+0.5	21.03	7.69	5.87	141.23	141.23	142.17	143.55	183.84
14	Motors and Distributors (25)	110.76	+1.2	24.01	7.61	5.04	109.41	108.64	108.28	109.26	130.21
	CONSUMER GOODS										
21	(NON-DURABLE) (171)	237.50	+1.5	16.65	6.01	7.47	234.00	232.99	232.42	235.19	218.38
22	Breweries (14)	287.90	+1.4	15.77	5.31	7.56	283.93	283.23	283.10	285.62	231.88
23	Wines and Spirits (6)	330.00	+1.8	16.63	5.45	7.47	324.32	322.91	323.17	326.34	286.48
24	Entertainment, Catering (17)	318.24	+2.2	15.60	6.39	8.36	311.38	307.80	306.31	310.34	271.46
25	Food Manufacturing (19)	209.89	+1.3	18.92	6.51	6.56	207.17	206.47	205.82	207.59	213.33
26	Food Retailing (15)	306.77	+1.2	13.26	4.17	9.08	303.20	301.46	300.99	304.36	229.34
32	Newspapers, Publishing (12)	421.91	+0.2	22.50	6.90	6.14	421.22	419.23	418.30	423.02	396.12
33	Packaging and Paper (15)	131.04	+0.8	22.53	8.55	5.72	129.95	130.38	131.00	132.14	147.05
34	Stores (41)	236.71	+1.4	12.54	4.41	10.43	233.46	231.22	229.58	233.43	206.85
35	Textiles (23)	152.30	+0.8	24.10	10.28	5.24	151.17	151.35	151.62	153.14	185.35
36	Tobaccos (3)	243.38	+2.5	23.42	9.14	4.82	237.35	239.30	240.89	242.78	248.95
37	Toys and Games (6)	69.17	+1.6	24.99	9.74	5.08	68.11	68.11	67.77	69.89	119.82
41	OTHER GROUPS (99)	206.75	+2.0	15.47	6.22	7.93	202.72	202.61	202.77	203.82	213.87
42	Chemicals (18)	291.32	+2.4	17.49	6.68	6.67	284.43	283.63	284.38	284.32	298.93
43	Pharmaceutical Products (7)	233.38	+2.1	11.63	4.95	10.64	228.63	227.94	227.50	227.59	282.56
44	Office Equipment (6)	122.38	+2.9	16.32	6.86	7.66	118.91	118.53	118.13	119.22	138.49
45	Shipping (10)	444.28	+1.8	11.94	7.09	10.69	436.26	451.50	450.89	455.18	438.33
46	Miscellaneous (58)	242.50	+1.4	16.10	6.20	7.93	239.14	238.45	238.82	241.43	228.42
49	INDUSTRIAL GROUP (494)	238.13	+1.6	16.58	5.97	7.54	234.44	233.63	233.44	235.91	232.06
51	Oils (6)	672.16	+2.0	16.83	7.21	6.39	659.29	656.73	627.49	636.63	588.53
59	500 SHARE INDEX	273.11	+1.6	16.62	6.19	7.31	268.69	267.75	265.42	268.42	255.34
61	FINANCIAL GROUP (116)	194.90	+1.2	—	5.46	—	192.62	191.71	192.44	193.25	168.62
62	Banks (6)	225.45	+1.2	36.67	5.68	3.48	222.85	221.31	223.89	223.07	186.82
63	Discount Houses (10)	251.26	+0.5	—	7.31	—	250.13	251.06	252.60	256.98	208.37
64	Hire Purchase (5)	174.79	+1.8	18.92	4.98	6.77	171.74	171.74	170.75	171.32	158.14
65	Insurance (Life) (10)	162.71	+0.8	—	6.25	—	161.39	161.16	160.68	161.10	138.76
66	Insurance (Composite) (8)	129.88	+1.5	—	7.29	—	127.97	126.44	125.63	126.19	126.61
67	Insurance Brokers (10)	282.45	+2.1	17.72	6.49	8.07	276.63	276.58	277.31	279.45	345.42
68	Merchant Banks (14)	101.19	+0.2	—	5.55	—	100.98	100.67	101.19	101.11	84.32
69	Property (43)	362.05	+1.0	3.43	2.61	42.57	358.37	357.26	360.47	363.23	262.47
70	Miscellaneous (10)	121.48	+1.1	15.31	7.37	8.37	120.12	121.37	123.24	124.27	118.34
71	Investment Trusts (110)	216.56	+0.6	—	5.28	—	215.29	214.94	213.67	215.30	229.03
81	Mining Finance (4)	132.35	+2.1	15.05	5.88	8.15	129.63	128.16	127.58	127.93	108.14
91	Overseas Traders (20)	343.79	+1.0	15.24	7.47	8.02	340.42	343.06	343.37	345.93	326.79
99	ALL-SHARE INDEX (750)	251.21	+1.5	—	6.04	—	247.50	246.62	245.13	247.47	232.85

FIXED INTEREST PRICE INDICES

	British Government	Tues., Sept. 25	Day's change %	xd adj. today	xd adj. 1979 to date
1	Under 5 years	105.14	+0.19	0.32	6.98
2	5-15 years	114.55	+0.28	0.15	8.01
3	Over 15 years	122.36	+0.30	0.20	9.85
4	Irredeemables	133.80	+0.41	—	9.82
5	All stocks	114.00	+0.24	0.23	8.25

FIXED INTEREST YIELDS
British Govt. Av. Gross Red.

			Tues., Sept. 25	Mon., Sept. 24	Year ago (approx.)
1	Low	5 years	10.12	10.20	9.03
2	Coupons	15 years	10.70	10.77	10.92
3		25 years	11.29	11.34	11.78
4	Medium	5 years	12.18	12.26	11.95
5	Coupons	15 years	12.34	12.39	12.17
6		25 years	12.50	12.52	12.17
7	High	5 years	12.60	12.67	11.98
8	Coupons	15 years	[illegible]	[illegible]	[illegible]
9		25 years	[illegible]	[illegible]	[illegible]
10	Irredeemables		11.07	11.12	11.81

		Tues., Sept. 25 Index No.	Yield %	Mon. Sept. 24	Fri. Sept. 21	Thurs. Sept. 20	Wed. Sept. 19	Tues. Sept. 18	Mon. Sept. 17	Fri. Sept. 14	Year ago (approx.)
15	20-yr. Red. Deb & Loans (15)	58.19	12.76	58.18	58.06	58.10	58.11	58.14	58.81	58.88	[illegible]
16	Investment Trust Prefs. (15)	50.57	13.87	50.57	50.51	51.23	51.25	51.23	51.46	[illegible]	[illegible]
17	Coml. and Indl. Prefs. (20)	68.83	13.04	68.93	69.81	69.54	70.36	70.53	70.83	71.19	[illegible]

† Redemption yield. Highs and lows record base dates and values and constituent changes are published in Saturday issues. A list of the constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 14p, by post 22p.

المكتبة الالكترونية

هكذا من الأصل

AUTHORISED UNIT TRUSTS

Abbey Unit Tst. Mngrs. (a)

Allen Harvey & Ross Unit Tst. Mngrs.

Allied Hambro Group (a)(g)

Anderson Unit Trust Managers Ltd.

Ansbacher Unit Mgmt. Co. Ltd.

Arbuthnot Securities Ltd. (a)(c)

Archway Unit Tst. Mgs. Ltd. (a)(c)

Barclays Unicorn Ltd. (a)(c)(g)

Baring Brothers & Co., Ltd. (a)(x)

Bishopsgate Progressive Mgmt. Co.

Bridge Fund Managers (a)(c)

Britannia Trust Management (a)(g)

The British Life Office Ltd. (a)

Brown Shipley & Co. Ltd.

Canada Life Unit Tst. Mngrs. Ltd.

Capel (James) Mngt. Ltd.

Carliol Unit Fd. Mgrs. Ltd. (a)(c)

Charities Official Invest. Fund

Chieftain Trust Managers Ltd. (a)(g)

Confederation Funds Mgt. Ltd. (a)

Cosmopolitan Fund Managers (a)

Craigmount Unit Tst. Mgrs. Ltd.

Crescent Unit Tst. Mgrs. Ltd. (a)(g)

Discretionary Unit Fund Managers

E. F. Winchester Fund Mngt. Ltd.

Emson & Dudley Tst. Mngmt. Ltd.

Equity & Law Un. Tr. M. (a)(b)(c)

James Finlay Unit Trust Mngt. Ltd.

Framlington Unit Mgt. Ltd. (a)

Friends' Provdt. Unit Tr. Mgrs.

Funds in Court

G.T. Unit Managers Ltd.

G. & A. Trust (a) (g)

Gartmore Fund Managers (a)(g)

Gibbs (Antony) Unit Tst. Mgs. Ltd. (a)

Govett (John)

Grieveson Management Co. Ltd.

Guardian Royal Ex. Unit Mgrs. Ltd.

Henderson Administration (a)(c)(g)

Hill Samuel Unit Tst. Mgrs.

Intel. (a)(g)

Investment Intelligence Ltd. (a)(g)

Key Fund Managers Ltd. (a)(g)

Kleinwort Benson Unit Managers

L & C Unit Trust Management Ltd.

Legal & General Tyndall Fund

Leonine Administration Ltd.

Lloyds Bk. Unit Tst. Mngrs. Ltd. (a)

Lloyd's Life Unit Tst. Mngrs. Ltd.

Local Authorities' Mutual Invest. Trust

M & G Group (y)(c)(z)

Manulife Management Ltd.

Mayflower Management Co. Ltd.

Mercury Fund Managers Ltd.

Midland Bank Group Unit Trust Managers Ltd.

Minster Fund Managers Ltd.

MLA Unit Trust Mgmt. Ltd.

Murray Johnstone U.T. Mgmt. (a)

Mutual Unit Trust Managers (a)(g)

National and Commercial

National Provident Inv. Mngrs. Ltd.

National Westminster (a)

NEL Trust Managers Ltd. (a)(g)

Norwich Union Insurance Group (b)

Pearl Trust Managers Ltd. (a)(g)(z)

Pelican Units Admin. Ltd. (g)(x)

Perpetual Unit Trust Mngmt. (a)

Practical Invest. Co. Ltd. (y)(c)

Provincial Life Inv. Co. Ltd.

Prudl. Portfolio Mngrs. Ltd. (a)(b)(c)

Quilter Management Co. Ltd.

Reliance Unit Mgrs. Ltd.

Ridgefield Management Ltd.

Rothschild Asset Management (g)

Rowan Unit Trust Mngt. Ltd. (a)

Royal Tst. Can. Fd. Mgrs. Ltd.

Save & Prosper Group

Schlesinger Trust Mngrs. Ltd. (a)(z)

J. Henry Schroder Wagg & Co. Ltd.

Scottish Equitable Fnd. Mgrs. Ltd.

Sebag Unit Tst. Managers Ltd.

Security Selection Ltd.

Stewart Unit Tst. Managers Ltd. (a)

Sun Alliance Fund Mangt. Ltd.

Target Tst. Mngrs. Ltd. (a)(g)

Target Tst. Mngrs. (Scotland) (a)(b)

Trades Union Unit Tst. Managers

Transatlantic and Gen. Secs. Co. (y)

Tyndall Managers Ltd.

TSB Unit Trusts (y)

Ulster Bank (a)

Unit Trust Account & Mgmt. Ltd.

Wieler Growth Fund

NOTES

[illegible]

INSURANCE & PROPERTY FUNDS

Abbey Life Assurance Co. Ltd.

Albany Life Assurance Co. Ltd.

AMEV Life Assurance Ltd.

Barclays Life Assur. Co. Ltd.

Beehive Life Assur. Co. Ltd.

Canada Life Assurance Co.

Cannon Assurance Ltd.

Capital Life Assurance

Charterhouse Magna Gp.

Chieftain Assurance Funds

City of Westminster Assur. Co. Ltd.

City of Westminster Assur. Soc. Ltd.

Commercial Union Group

Confederation Life Insurance Co.

Cornhill Insurance Co. Ltd.

Credit & Commerce Insurance

Crown Life Assurance Co. Ltd.

Crusader Insurance Co. Ltd.

Eagle Star Insur./Midland Assur.

Equity & Law Life Ass. Soc. Ltd.

Gartmore Bonds

General Portfolio Life Ins. C. Ltd.

Gresham Life Ass. Soc. Ltd.

Growth & Sec. Life Ass. Soc. Ltd.

Guardian Royal Exchange

Hambro Life Assurance Limited

Hearts of Oak Benefit Society

Hill Samuel Life Assur. Ltd.

Imperial Life Ass. Co. of Canada

Irish Life Assurance Co. Ltd.

King & Shaxson Ltd.

Langham Life Assur. Co. Ltd.

Legal & General (Unit Assur.) Ltd.

Legal & General Prop. Fd. Mgrs. Ltd.

Life Assur. Co. of Pennsylvania

Lloyds Life Assurance

London Aberdeen & Nthn. Mtl. Assur. Ltd.

London Indemnity & Gnl. Ins. Co. Ltd.

London Life Linked Assur. Ltd.

The London & Manchester Ass. Gp.

M & G Group

Manufacturers Life Insurance Co.

Merchant Investors Assurance

NEL Pensions Ltd.

NPI Pensions Management Ltd.

New Zealand Ins. Co. (UK) Ltd.

Norwich Union Insurance Group

Pearl Assurance (Unit Funds) Ltd.

Phoenix Assurance Co. Ltd.

Prop. Equity & Life Ass. Co.

Property Growth Assur. Co. Ltd.

Providence Capitol Life Ass. Co. Ltd.

Provincial Life Assurance Co. Ltd.

Prudential Pensions Limited

Reliance Mutual

Rothschild Asset Management

Royal Insurance Group

Save & Prosper Group

Schroder Life Group

Scottish Widows' Group

Skandia Life Assurance Co. Ltd.

Solar Life Assurance Limited

Sun Alliance Fund Mangmt. Ltd.

Sun Alliance Linked Life Ins. Ltd.

Sun Life of Canada (UK) Ltd.

Target Life Assurance Co. Ltd.

Transinternational Life Ins. Co. Ltd.

Trident Life Assurance Co. Ltd.

Tyndall Assurance/Pensions

Vanbrugh Life Assurance

Vanbrugh Pensions Limited

Welfare Insurance Co. Ltd.

Windsor Life Assur. Co. Ltd.

OFFSHORE & O'SEAS FUNDS

Alexander Fund

Allen Harvey & Ross Inv. Mgt. (C.I.)

Arbuthnot Securities (C.I.) Limited

Australian Selection Fund NV

Bank of America International S.A.

Banque Bruxelles Lambert

Barbican Managers (Jersey) Ltd.

Barclays Unicorn International

Bishopsgate Commodity Ser. Ltd.

Bishopsgate Progressive—Ldn. Agents

Bridge Management Ltd.

Britannia Tst. Mngmt. (C.I.) Ltd.

Brown Shipley Tst. Co. (Jersey) Ltd.

Butterfield Management Co. Ltd.

Capital International S.A.

Charterhouse Japhet

Clive Investments (Jersey) Ltd.

Cornhill Ins. (Guernsey) Ltd.

DWS Deutsche Ges. F. Wertpapiersp

Delta Group

Deutscher Investment-Trust

Dreyfus Intercontinental Inv. Fd.

Emson & Dudley Tst. Mgt. Jrsy. Ltd.

The English Association

Eurobond Holdings N.V.

F. & C. Mgmt. Ltd. Inv. Advisers

Fidelity Mgmt. & Res. (Bda.) Ltd.

Fidelity Mgmt. Research (Jersey) Ltd.

First Viking Commodity Trusts

Fleming Japan Fund S.A.

Free World Fund Ltd.

G.T. Management Ltd.

Gartmore Invest. Ltd. Ldn. Agts.

Hambro Pacific Fund Mgmt. Ltd.

Hambros Fd. Mgrs. (C.I.) Ltd.

Henderson Baring Fund Mgrs. Ltd.

Hill-Samuel & Co. (Guernsey) Ltd.

Hill Samuel Invest. Mgmt. Intnl.

N.V. Interbeheer

International Pacific Inv. Mngt. Ltd.

J.E.T. Managers (Jersey) Ltd.

Jardine Fleming & Co. Ltd.

Leopold Joseph & Sons (Guernsey)

Kemp-Gee Managemt. Jersey Ltd.

Keyser Ullmann Ltd.

King & Shaxson Mngrs.

Kleinwort Benson Limited

Lloyds Bk. (C.I.) U/T Mgrs.

Lloyds Bank International, Geneva

M & G Group

Midland Bank Tst. Corp. (Jersey) Ltd.

Samuel Montagu Ldn. Agents

Murray, Johnstone (Inv. Adviser)

Nat. Westminster Jersey Fd. Mgrs. Ltd.

Negit S.A.

Negit Ltd.

Pacific Basin Fund

Phoenix International

Providence Capitol Life Ass. (C.I.)

Quest Fund Mngmt. (Jersey) Ltd.

Richmond Life Ass. Ltd.

Rothschild Asset Management (C.I.)

Rothschild Asset Mgt. (Bermuda)

Royal Trust (C.I.) Fd. Mgt. Ltd.

Save & Prosper International

Schlesinger International Mngt. Ltd.

Schroder Life Group

J. Henry Schroder Wagg & Co. Ltd.

Sentry Assurance International Ltd.

Singer & Friedlander Ldn. Agents

Standard Chartered Intl. Bd. Fd.

Stronghold Management Limited

Surinvest (Jersey) Ltd. (x)

Surinvest Trust Managers Ltd.

TSB Unit Trust Managers (C.I.) Ltd.

TSB Gilt Fund Managers (C.I.) Ltd.

Tokyo Pacific Holdings N.V.

Tokyo Pacific Hldgs. (Seaboard) N.V.

Tyndall Group

Unilife Assurance (Overseas) Ltd.

Union-Investment-Gesellschaft mbH

Utd. Intnl. Mngmnt. (C.I.) Ltd.

United States Tst. Intl. Adv. Co.

S. G. Warburg & Co. Ltd.

Warburg Invest. Mngt. Jrsy. Ltd.

World Wide Growth Management

Wren Commodity Trust

FT SHARE INFORMATION SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

1979 High	Low	Stock	Price £	+ or –	Yield Int.	Red.
100¾	54⅝	Treasury 10½pc '79‡‡	99⅔xd	+⅛	10.53	13.51
98⅔	94½	Electric 3½pc '76-79	98⅔	+⅛	3.54	13.32
99⅝	95⅞	Treasury 9pc 1980‡‡	98⅜	+⅛	9.15	13.05
99⅝	95⅜	Treasury 9½pc '80‡‡	97⅝	......	9.73	13.37
97	92⅞	Treasury 3½pc '77-80	94⅜	......	3.71	11.78
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Five to Fifteen Years

[illegible]

Over Fifteen Years

[illegible]

Undated

[illegible]

INTERNATIONAL BANK

[illegible]

CORPORATION LOANS

[illegible]

COMMONWEALTH & AFRICAN LOANS

[illegible]

LOANS

Public Board and Ind.

[illegible]

Financial

1979 High	Low	Stock	Price £	+ or –	Yield Int.	Red.
[illegible]	[illegible]	FFI 13pc 1981	99½	......	13.07	13.31
107	100	Do. 14pc '79	101	......	14.29	—
106¾	98¼	Do. 14pc '83	102½	......	13.66	13.18
86½	77½	ICFC 5½pc Deb. '80-82	83xd	......	6.66	12.45
85	73½	Do. 6¼pcDb. '81-84	79	......	8.15	12.50
99	84½	Do. 10½pc Uns Ln. '86	93½	......	11.52	12.68
99	84½	Do. 11pc Uns Ln. '88	93½	......	12.09	12.60
101½	84	Do. 11¼pc Uns.Ln. '90	96½	......	12.53	12.90
72½	57	Do 7¼pcADeb. '89-92	66	......	11.44	13.20
69	53½	Do 7¼pcA Db. '91-94	63xd	......	11.50	13.10
81½	64½	Do. 9pc'A' '91-94	74xd	......	12.16	13.00
78½	62½	Do 8¾pcLn. '92-97	71½	......	12.47	13.10
102	95½	Do. 13¼pc Uns. Ln. 1992	97xd	......	12.88	13.00

FOREIGN BONDS & RAILS

[illegible]

U.S. $ & DM prices exclude inv. $ premium

AMERICANS

[illegible]

S.E. List Premium 14¼% (based on US$2.2585 per £)
Conversion factor 0.8774 (0.8919)

CANADIANS

[illegible]

S.E. List Premium 14¼% (based on $2.5206 per £)

BANKS AND HIRE PURCHASE

1979 High	Low	Stock	Price	+ or –	Div. Net	Cvr	Gr's	P/E
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
224	122	Com'l Aus. ($A1)	198	+2	Q18c	♦	6.0	♦
£171¼	930	Com'zbk DM 10$	£103¼	......	Q26.6%	—	6.3	—
£18½	£10¼	C'hgn Hbk.Kr100	£10⅝	......	Q12%	—	10.4	—
41	29	Corinthian 10p	32xd	......	†1.05	5.9	4.7	3.7
£24¼	£15	Cred. France F75	£19	......	Q9.87%	—	3.4	—
16	12	Dawes (G. R.)	12	......	—	—	—	—
£121	£64	Deut'che Bank DM50	£72½	–1½	Q28.12%	—	4.7	—
90	62	F. C. Finance	70	+7	2.2	4.9	4.5	6.5
8¾	5¼	First Nat. 10p	6¾	+½	—	—	—	0.5
4	2	Do. Wrrts. 75-83	2¾	......	—	—	—	—
266	178	Gerrard Natnl	258	......	9.12	—	5.0	—
62	39	Gibbs (A.)	46xd	–1	2.2	—	6.8	—
270	217	Gillett Bros. £1	217	–1	†16.95	—	11.2	—

BANKS & HP—Continued

[illegible]

Hire Purchase, etc.

[illegible]

BEERS, WINES AND SPIRITS

[illegible]

BUILDING INDUSTRY, TIMBER AND ROADS

[illegible]

CHEMICALS, PLASTICS

[illegible]

CHEMICALS, PLASTICS—Cont.

[illegible]

DRAPERY AND STORES

[illegible]

ELECTRICALS

[illegible]

ENGINEERING—Continued

[illegible]

ENGINEERING MACHINE TOOLS

[illegible]

FOOD, GROCERIES, ETC.

[illegible]

FOOD, GROCERIES—Cont.

[illegible]

HOTELS AND CATERERS

[illegible]

INDUSTRIALS (Miscel.)

[illegible]

FINANCIAL TIMES

PUBLISHED IN LONDON & FRANKFURT

Head Office: The Financial Times Limited, Bracken House, 10 Cannon Street, London EC4P 4BY
Telex: Editorial 8954871. Advertisements: 885033. Telegrams: Finantimo, London.
Telephone: 01-248 8000.
Frankfurt Office: The Financial Times (Europe) Ltd., Frankenallee 68-72, 6000 Frankfurt-am-Main 1.
Telex: Editorial 416052. Commercial 416193. Telephone: Editorial 7598 234. Commercial 7598 1.
INTERNATIONAL AND BRITISH OFFICES

EDITORIAL OFFICES

Amsterdam: P.O. Box 1296, Amsterdam-C. Telex 16527 Tel: 276 796
Birmingham: George House, George Road. Telex 338650 Tel: 021-454 0922
Bonn: Presshaus 11/104 Heussallee 2-10. Telex 8869542 Tel: 210039
Brussels: 39 Rue Ducale. Telex 23283 Tel: 512-9037
Cairo: P.O. Box 2040. Tel: 938510
Dublin: 8 Fitzwilliam Square. Telex 5414 Tel: 785321
Edinburgh: 37 George Street. Telex: 72484 Tel: 031-226 4120
Johannesburg: P.O. Box 2128 Telex 8-6257 Tel: 838-7545
Lisbon: Praca de Alegria 58-10, Lisbon 2. Telex 12533 Tel: 362 508
Madrid: Espronceda 32, Madrid 3. Tel: 441 6772
Manchester: Queen's House, Queen Street. Telex 666813 Tel: 061-834 9381
Moscow: Kutuzovsky 14, Apartment 1, Moscow. Telex 7900 Tel: 243-1635
New York: 75 Rockefeller Plaza, N.Y. 10019. Telex 66390 Tel: (212) 541 4625
Paris: 36 Rue du Sentier, 75002. Telex 220044 Tel: 236.57.43
Rio de Janeiro: Avenida Pres. Vargas 418-10. Tel: 253 4848
Rome: Via della Mercede 55. Telex 610032 Tel: 678 3314
Stockholm: c/o Svenska Dagbladet, Raalambsvagen 7. Telex 17603 Tel: 50 60 88
Tehran: P.O. Box 11-1879. Telex 213930 Tel: 682698
Tokyo: 8th Floor, Nihon Keizai Shimbun Building, 1-9-5 Otemachi, Chiyoda-ku. Telex J 27104 Tel: 241 2920
Washington: 2nd Floor, 1325 E. Street, N.W., Washington D.C. 20004 Telex 440340 Tel: (202) 47 8676

ADVERTISEMENT OFFICES

Birmingham: George House, George Road. Telex 338650 Tel: 021-454 0922
Edinburgh: 37 George Street. Telex 72484 Tel: 031-226 4139
Leeds: Permanent House, The Headrow. Tel: 0532 454969
Manchester: Queen's House, Queen Street. Telex 666813 Tel: 061-834 9381
New York: 75 Rockefeller Plaza, N.Y. 10019 Telex 238409 Tel: (212) 489 8300
Paris: 36 Rue du Sentier, 75002. Telex 220044 Tel: 236.86.01
Tokyo: Kasahara Building, 1-6-10 Uchikanda, Chiyoda-ku. Telex J27104 Tel: 295 4050

Overseas advertisement representatives in
Central and South America, Africa, the Middle East, Asia and the Far East.
For further details please contact:
Overseas Advertisement Department,
Financial Times, Bracken House, 10 Cannon Street, London EC4P 4BY

SUBSCRIPTIONS

Copies obtainable from newsagents and bookstalls worldwide or on regular subscription from Subscription Department, Financial Times, London

For Share Index and Business News Summary in London, Birmingham, Liverpool and Manchester, Tel: 246 8026

هكذا من الأصل

INDUSTRIALS—Continued

[illegible]

INSURANCE

[illegible]

INSURANCE—Continued

[illegible]

LEISURE

[illegible]

MOTORS, AIRCRAFT TRADES

Motors and Cycles

[illegible]

Commercial Vehicles

[illegible]

Components

[illegible]

Garages and Distributors

[illegible]

NEWSPAPERS, PUBLISHERS

[illegible]

PAPER, PRINTING ADVERTISING

[illegible]

PROPERTY

[illegible]

PROPERTY—Continued

[illegible]

SHIPPING

[illegible]

SHOES AND LEATHER

[illegible]

SOUTH AFRICANS

[illegible]

TEXTILES

[illegible]

TOBACCOS

[illegible]

TRUSTS, FINANCE, LAND

Investment Trusts

[illegible]

INVESTMENT TRUSTS—Cont.

[illegible]

Finance, Land, etc.

[illegible]

FINANCE, LAND—Continued

[illegible]

OILS

[illegible]

OVERSEAS TRADERS

[illegible]

RUBBERS AND SISALS

[illegible]

TEAS

India and Bangladesh

[illegible]

Sri Lanka

[illegible]

Africa

[illegible]

MINES

CENTRAL RAND

[illegible]

EASTERN RAND

[illegible]

FAR WEST RAND

[illegible]

O.F.S.

[illegible]

FINANCE

[illegible]

DIAMOND AND PLATINUM

[illegible]

CENTRAL AFRICAN

[illegible]

MINES—Continued

AUSTRALIAN

[illegible]

TINS

[illegible]

COPPER

[illegible]

MISCELLANEOUS

[illegible]

GOLDS EX-$ PREMIUM

[illegible] available only to non-UK residents.

$21	$10½	Buffels R1	$21	+⅛	0200c	♦	11.5
$16¼	890c	East Drie R1	$16¼	+⅛	†0115c	1.6	8.6
$21½	350c	East Rand Pro. R1	$21	+⅛	†010c	—	1.1
$34	$18¼	F.S. Geduld 50c	$34	+⅛	10725c	2.5	11.2
$24	$11⅛	Pres. Brand 50c	$24	+⅛	10250c	3.2	7.6
$23¾	$10¼	St. Helena R1	$23¼	+⅛	0300c	♦	16.1
850c	407c	Stilfontein 50c	850c	+20	†066c	1.7	9.4
$38¼	$18¼	Vaal Reefs 50c	$38¼	+⅛	†2380c	2.7	9.2
$52	$28¼	West Drie R1	$52	+1	0615c	1.3	0.7
$40¼	$22¼	West. Hldgs. 50c	$39½	+½	†0475c	1.4	12.7
$20⅞	$10⅛	Western Deep R2	$20⅞	+⅛	†0147c	2.1	0.1

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on the basis of net distribution; bracketed figures indicate 10 per cent. or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution. Yields are based on middle prices, are gross, adjusted to ACT of 30 per cent. and allow for value of declared distributions and rights. Securities with denominations other than sterling or EEC currencies are quoted inclusive of the investment dollar premium.

- ▲ Sterling denominated securities which include investment dollar premium.
- ● "Tap" Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ♦ Figures or report awaited.
- †† Unlisted security.
- # Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividends or forecasts.
- ♦ Merger bid or reorganisation in progress.
- ♦ Not comparable.
- ♦ Same interim: reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ♥ Excluding a final dividend declaration.
- ♦ Regional price.
- ‖ No par value.

a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. w Yield allows for currency clause. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1979-80. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1978-79. K Figures based on prospectus or other official estimates for 1978. M Dividend and yield based on prospectus or other official estimates for 1978. N Dividend and yield based on prospectus or other official estimates for 1979. P Figures based on prospectus or other official estimates for 1978-79. Q Gross. T Figures assumed. Z Dividend total to date. §§ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xC ex capital distribution.

"Recent Issues" and "Rights" Page 40

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £500 per annum for each security

REGIONAL MARKETS

The following is a selection of London quotations of shares previously listed only in regional markets. Prices of Irish issues, most of which are not officially listed in London, are as quoted on the Irish exchange.

Albany Inv. 20p	27	......	Sindall (Wm.)	175	+5
Bertam	20	......	**IRISH**		
Bdg'wtr. Est. 50p	420	......	Conv. 9% '80/82	£86¼	−⅛
Clover Croft	28	......	Nat. 9¾% 84/89	£73¾	......
Craig & Rose £1	£10½	......	Fin. 13% 97/02	£82	......
Dyson (R. A.) A	27	......	Alliance Gas	70	......
Ellis & McHdy	180	......	Arnott	330	......
Fife Forge	50	......	Carroll (P.J.)	53½	......
Finlay Pkg. 5p	19½	......	Clondalkin	82	......
Graig Ship. £1	410	+20	Concrete Prods.	85	......
Higsons Brew	70	......	Heiton (Hldgs.)	77	......
Holt (Jos) 25p	255xd	......	Ins. Corp.	190	......
I.O.M. Stm. £1	142	+1	Irish Ropes	75	......
Pearce (C. H.)	320	......	Jacob	35	......
Peel Mills	30	......	T.M.G.	158xd	+9
Sheff. Refrshmt	105	......	Unidare	85	......

OPTIONS
3-month Call Rates

Industrials		I.C.I.	20	Tube Invest.	27
A. Brew	8	"Imps"	8	Unilever	40
BOC Intl.	6	I.C.L.	45	U.D.T.	4
B.S.R.	5	Inveresk	5	Utd. Drapery	10
Babcock	12	KCA	3½	Vickers	18
Barclays Bank	30	Ladbroke	17	Woolworths	6½
Beecham	13	Legal & Gen.	14		
Blue Circle	25	Lex Service	11	**Property**	
Boots	17	Lloyds Bank	24	Brit. Land	7
Bowaters	16	"Lofs"	3½	Cap. Counties	9
B.A.T.	25	London Brick	6	Land Secs.	25
Brown (J.)	7½	Lonrho	6	MEPC	17
Burton 'A'	25	Lucas Inds.	20	Peachey	13
Cadburys	5½	"Mams"	15	Samuel Props.	14
Courtaulds	6	Mks. & Spncr.	10	Town & City	2
Debenhams	8	Midland Bank	30		
Distillers	23	N.E.I.	5	**Oils**	
Dunlop	6	Nat. West. Bank	28	Brit. Petroleum	100
Eagle Star	14	P & O Dfd.	10	Burmah Oil	15
E.M.I.	8	Plessey	10	Charterhall	5
Gen. Accident	23	Racal Elect.	22	Premier	4
Gen. Electric	24	R.H.M.	4½	Shell	30
Glaxo	40	Rank Org.	18	Ultramar	22
Grand Met.	13	Reed Intl.	17		
G.U.S. 'A'	30	Sears	5½	**Mines**	
Guardian	23	Spillers	4½	Charter Cons.	16
G.K.N.	22	Tesco	7	Cons. Gold	18
Hawker Sidd	15	Thorn	35	Rio T. Zinc	27
House of Fraser	14	Trust Houses	14		

A selection of Options traded is given on the London Stock Exchange Report page

FINANCIAL TIMES

Wednesday September 26 1979

Copper jumps to £1,000 a tonne

By John Edwards, Commodities Editor

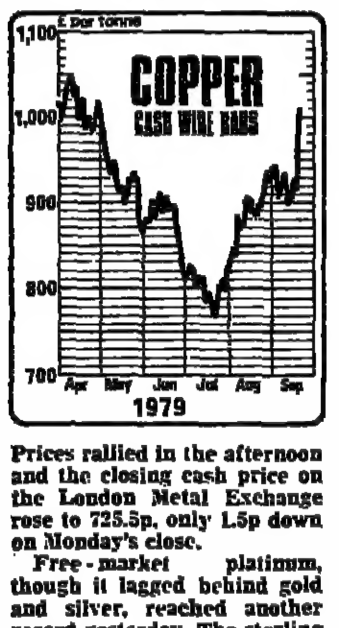
COPPER PRICES jumped to more than £1,000 a tonne on the London Metal Exchange yesterday as speculators appeared to be switching from gold and silver to other metals.

A rise of £42.5 took the price of copper cash wirebars to £1,010.5 a tonne—the highest level since May and a gain of nearly £100 in the past week. In after hours trading the market went still higher to more than £1,020, although prices were still well below the all-time peak in 1974 of £1,400.

London dealers claimed that the price surge was almost entirely due to speculative buying, especially from the U.S. Trading in gold and silver has slowed considerably since last week as a result of the higher margins, or deposits, demanded by brokers.

Gold and silver prices closed last night showing very little change. Gold, after opening at $377.50 moved up to $384, before closing at $377 a troy ounce, $1.50 down on the previous close.

In the silver market the London bullion spot quotation at the morning fixing was cut by 58.8p to 683p a troy ounce.



Prices rallied in the afternoon and the closing cash price on the London Metal Exchange rose to 725.5p, only 1.5p down on Monday's close.

Free-market platinum, though it lagged behind gold and silver, reached another record yesterday. The sterling quotation rose by another £6 to an all-time peak of £243.35 a troy ounce. The dollar price gained $13.50 to $525. Like copper, the platinum market was dominated by speculative demand, following a sharp rise in the New York futures markets overnight.

Sovereign issue for public sale, Page 8

Mobil submits $1bn plan for N. Beryl find

BY RAY DAFTER, ENERGY EDITOR

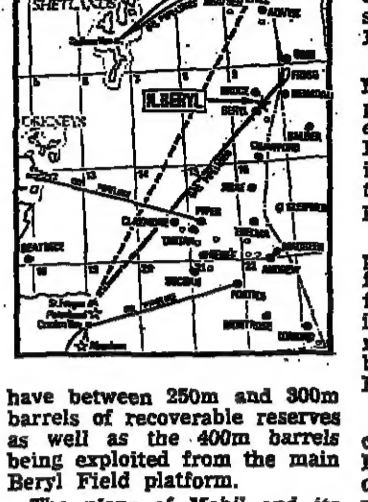
THE MOBIL Oil exploration group has submitted outline plans to the Energy Department for the $1bn (£465m) development of its North Beryl discovery in the UK sector of the North Sea.

If the scheme is approved by the Government, the field will be exploited from a fixed steel platform linked by pipeline to the nearby Beryl Field production system.

The submission, which will be followed by more detailed proposals in December, means that there are now 12 fields under development in the UK sector of the North Sea in addition to the dozen fields already on stream.

North Beryl is located in block 9/13, south east of Shetland and immediately north west of the Beryl Field, where production started in 1976.

Although it is thought that the fields are contained in two structures separated by faults, geologists concede that they might be linked.



North Beryl is estimated to have between 250m and 300m barrels of recoverable reserves as well as the 400m barrels being exploited from the main Beryl Field platform.

The plans of Mobil and its partners—British Gas Corporation, Amerada Hess and Texas Eastern—call for the installation of a North Beryl production platform in the summer of 1982, enabling the oil to start flowing in 1983. A peak production of 80,000 to 85,000 barrels a day should be reached by the mid-1980s.

The $1bn scheme outlined by Mobil includes the platform, production wells, gas processing equipment, a pipeline link with Beryl, and a second tanker loading facility to be shared with the main Beryl production complex.

The detailed development plans, which are still being formulated, are likely to be influenced by a feasibility study into a gas gathering pipeline network for the North Sea, now being conducted by Mobil and British Gas.

It is expected that the study, commissioned by the Energy Department, will support the case for the construction of a new gas transmission line. This pipeline would collect gas from Beryl, North Beryl and other fields lying close to the UK/Norwegian median line which are not connected to existing gas trunklines.

Itel to dispose of its computer interests

BY DAVID LASCELLES IN NEW YORK

ITEL, THE ailing U.S. computer and transport-leasing company, is to cut its losses and pull out of the computer business.

It has become a spectacular victim of rapid advances in computer technology, and is at present involved in several lawsuits relating to computer-leasing insurance policies, protecting leasers against changes in the computer market.

The company announced from its San Francisco headquarters late on Monday night that it would get rid of its computer operations in two stages.

First, it will transfer its IBM-Compatible computer marketing and leasing operations in the U.S., Canada, Europe and Singapore to National Semiconductor, the Santa Clara manufacturer of electronic equipment. Itel's IBM-Compatible business is virtually all its computer operations.

In the first three months results of the operations will be charged to Itel, with losses repayable out of future profits. Itel will also advance National Semiconductor $7.5m (£3.5m) in working capital through to the end of 1980.

Second, Itel will sell to National Semiconductor all its computer and peripheral equipment stock, including computers it ordered from National but was unable to pay for.

No price was mentioned in the announcement, but National will pay Itel for computers it had on order only when National finds new purchasers for them. National also relieved Itel of any obligation to buy more of its computers.

Although few details of the deal have been announced—much of it depends on how well National does with the equipment it is buying back—it is clearly a major piece of surgery for Itel, which built up its business on computer-leasing.

The company's troubles began earlier this year when IBM produced its 4300 range of computers, which drastically undercut Itel's market and left it with an expensive stock of obsolete machines.

Itel announced a $60m loss in the second quarter, and shortly after got rid of its two top executives and founders. It has embarked on a financial restructuring which included selling some of its transport activities last month.

It is expected to transform itself primarily into a railway, air and marine-leasing company. At the end of last year it owned about 12,000 railway wagons, nine commercial aircraft, 138,300 TEU's (20 ft equivalent units) of containers and 648,000 deadweight tonnes of shipping.

National Semiconductor, which with Hitachi of Japan was Itel's main source of computer-leasing equipment, is one of the leading U.S. makers of electronic components, with sales last year of $720m.

Its decision to pick up the pieces from Itel was generally considered a bold one in Wall Street yesterday, and there were doubts as to whether it would make a success of it at a time when the computer market is in a state of some turmoil.

France is told to scrap ban on lamb

BY CHRISTOPHER PARKES

FRANCE MUST scrap its import controls on lamb and mutton and allow UK exporters to ship the meat freely into the country, the European Court of Justice ruled yesterday.

The judgment was followed swiftly by demands from Mr. Peter Walker, Minister of Agriculture, and Mr. Richard Butler, president of the National Farmers' Union, for immediate action by France.

The French market has been closed to imports from Britain since the end of July in the latest in a periodic series of such moves to protect France's developing sheep industry from low-priced competition. Even when the market is not closed, UK shippers have to pay import levies to prevent them undercutting French farmers.

At present lamb carcases are selling for almost £1 a pound in France compared with 64p in Britain.

In Ireland, which has a special bilateral deal and free access to France, prices average 85p a pound.

Mr. Walker recalled the UK's own promptness when in March this year the court ruled against Britain's potato import controls.

"I am looking to the French Government to comply with the judgment in the same way as the UK complied with the court's judgment against our potato import ban," he said yesterday.

France, however, which fears that Britain may flood its market and make up any shortages at home with imports from New Zealand, is not expected to act as rapidly as Britain would like.

Talks between Mr. Walker and his French opposite number are expected at an informal meeting in Ireland later this week.

Traders discounted any possibility of a "flood" of lamb crossing the English Channel when the French comply with the ruling. But even a modest trade would help boost British farmers' returns. UK lamb prices are lower now than at the same time last year.

High transport charges and, above all, a lack of lamb in Britain lean enough to suit French tastes, rule out any bonanza for farmers. Equally, consumers are unlikely to face dramatic retail price increases.

Commodities, Page 39

Continued from Page 1

Inflation in U.S.

activity, contrary to most economists' expectations, appears to have grown since the beginning of July. In that time, according to some preliminary Government estimates, real output may have increased at an annual rate of more than 1 per cent.

This would compare with a 2.3 per cent decline, at an annual rate, in the gross national product between April and June. A further drop in growth in the past three months of this year is still held to be very much on the cards, as businesses order less and seek to work off unsold stocks.

"It is possible to have an up quarter sandwiched between two down quarters and still have a recession," an official said yesterday.

The Federal Reserve Board has raised interest rates to record levels to counter inflation, with Mr. Paul Volcker, its new chairman, resisting publicly the notion that the U.S. is in a recession yet.

But a minority of governors on the Fed Board recently voted against a further interest rate increase, arguing that the cost of money itself was dangerously close to fuelling inflation.

● Mr. William G. Miller, Treasury Secretary, said inflation might be cut to below 4 per cent by 1985, but no sooner.

"In my opinion, pursuing a comprehensive strategy, we can bend inflation down a little each year so that, I think, by 1985 it should be down below 4 per cent."

Continued from Page 1

Unemployed

20,000 in the recorded number out of work.

The unadjusted unemployment total, including school-leavers, fell by nearly 61,000 to 1.39m in the month to mid-September. This was 5.8 per cent of the workforce, against 6.1 per cent in August.

All the drop was accounted for by school-leavers, whose numbers out of work fell by 69,200. By contrast the unadjusted figure for adult unemployed rose by 8,200.

The Government's special job-support measures continued to have a big impact, reducing the number registered as unemployed by 205,000. This was 3,000 less than in August.

THE LEX COLUMN

Gearing gambit by London Trust

The first one off the mark gets the best terms. London Trust is reactivating the moribund debenture market with a £15m 13½ per cent stock dated 2000-04, and in return for its initiative it is paying just 80p more than the comparable gilt-edged stock. The gross redemption yield is 13.46 per cent, and it would surely have been a shade higher but for its scarcity value.

The marginal saving is important, since London Trust is using the funds to finance a portfolio of fixed-interest securities until it sees an attractive opportunity to switch into equities. At this rate, it can more or less cover the financing costs out of investment income from its bonds. Anything higher would have brought an uncomfortable revenue deficit.

The issue has been welcomed by the institutions, especially the insurance companies. But although issuing houses will be dusting down their trust deeds this morning, there is unlikely to be a big spate of such issues at these rates. Not many investment trusts are as bold as London Trust, and the accepted wisdom is that rates will need to fall to 12 per cent or less before industrial companies start to borrow again on any scale.

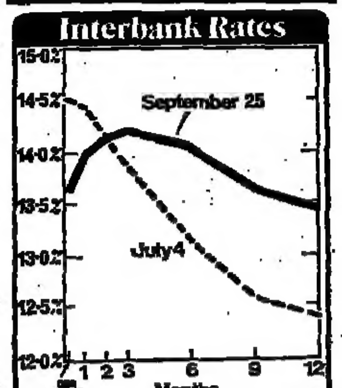
Kleinwort Benson

With interest rates staying high and the capital markets remaining quiet, Kleinwort Benson is viewing second half prospects with "some caution." So although the bank yesterday announced better (though unquantified) profits for the first six months, and forecast a 6p net dividend total for the year against 4.6p, the shares fell 4p against the market trend to close at 142p.

The market was disappointed because Kleinwort has appeared to have a number of factors working in its favour. Sharps Pixley, the bullion dealing subsidiary, is booming and the corporate finance and investment management departments are also busy. As for pure banking, there has been a substantial increase in the size of the balance sheet—advances were up 12½ per cent in the first six months even although around half of lending is in foreign currencies.

Part of the reason for Kleinwort's caution is that the second half last year was very buoyant. Moreover currency lending margins remain very thin, while sterling margins have not widened as much as might have been expected given the dampening effect of the corset on competition. Costs have rocketed, especially since the July salary review and given the shape of the current yield curve it is expensive to run money market and gilt-edged positions. If interest rates tumble before the year-end an extra chunk of profits could swell the 1979 total. Meantime the yield is an unexciting 6.1 per cent.

Index rose 7.8 to 469.8



Lasmo

It is three and a half years since Lasmo issued its Oil Production Stock to cover the financing gap during the development phase of the Ninian field. Now the pay-off starts with the first distribution on the OPS of 11.8p net per unit.

A swift build-up can be expected with the payment for the second half of 1979 likely to be around 18p, while the 1980 total could well be some 60p. At 765p, the OPS is now a big franked income generator albeit with the characteristic humped profile of an oil field production curve.

Yet, though the OPS unit price has doubled this year thanks to the crude oil price bonanza—Lasmo is selling half its attributable crude on the spot market—it is the ordinary share price that has had the edge in terms of recent performance. Here, however, it is still jam tomorrow, with no dividend likely for at least another year.

IBM

For the U.S. bond market the news that IBM plans to raise $1bn through the issue of fixed rate paper is an awesome development. So far this year medium term and long term bond issues by U.S. industrial companies (excluding utilities) have been running at a monthly average of just over $400m compared with a total issue volume of $2bn. These figures put IBM's decision to raise $500m medium term and $500m long term into perspective. It is the computer giant's first foray into the bond market.

In terms of timing New York analysts appear more surprised by IBM's decision to raise medium term funds, where the going rate is about 9.55 per cent for triple A borrowers, than by its decision to fund itself long where the current rate is 9.40 per cent. It is at the shorter end of the bond market that rates are expected to drop most swiftly when the long awaited downturn in U.S. interest rates occurs. The reason may be that IBM is spreading its huge financial demands evenly across the market. It has already arranged a $1.5bn loan facility with 37 banks. Traditionally self financing, IBM needs the money to finance a general trend towards computer leasing, rather than purchase, and because heavy demand for its new 4300 series computers has required substantial investment in new production facilities.

Barratt

In the year to June the average price of a Barratt Developments house rose 25 per cent to around £15,000, while costs rose by only 16 per cent. This widening of margins, on top of higher volume, has enabled the group to push housebuilding profits to £18.8m from £8.6m; total pre-tax profits are up to £20.7m from £11.2m.

Even if house prices do little more than hold steady for the next nine months, the average 1979-80 price will show another substantial increase. As it is, Barratt is looking for prices to keep up with costs, and is aiming to build 11,500 houses, against 10,000 in 1978-79. If it achieves this target, and is right about margins, profits are set for another hefty jump.

But the group still has a long way to go in persuading investors of its merits. At 132p the shares are trading on less than 2½ times last year's earnings—admittedly on a negligible tax charge. One of the reasons for this wretched rating is the fear margins could contract quite as suddenly as they have widened. Another is that Barratt's push for extra volume, together with its plans for expanding the property division, will involve it in very heavy spending to maintain three years' land-bank. Although net debt is now only 45 per cent of shareholders' funds, a rise in the shares might well provoke a rights issue. Meanwhile the yield is a well-covered 11.8 per cent.

Benefits centres given go-ahead after protests

BY ALAN PIKE, LABOUR STAFF

MINISTERS LAST night agreed that special social security centres will continue to be set up to pay benefits to workers involved in disputes after a day of furious protests from union leaders.

The Government came under strong criticism from union leaders after it was learned that a social security centre would not be set up in Derby to handle claims from Rolls-Royce workers involved in the engineering dispute pending a ministerial review of the use of such centres.

Shop stewards representing the Rolls-Royce workers—who have been laid off by the management until the end of the national engineering action—said that the Government was trying to "starve" them back to work.

Mr. Len Murray, TUC general secretary, said he was "appalled" that any Minister should make it more difficult for people to claim social security payments to which they were entitled by law and the move was attacked by Mr. Terry Duffy, president of the Amalgamated Union of Engineering Workers.

It was announced last night, however, that the ministerial review of social security centres—initiated a few days ago—was now complete and that they would continue to be used. Although it is a matter for local Department of Health and Social Security officials to decide, it is expected that one will now be established in Derby.

Sir Keith Joseph, Industry Secretary, "categorically denied" yesterday that the Government was supporting the engineering employers against the unions. "We are not taking sides in any way. This is for the employers and the representatives of the workforce to sort out," he said in Manchester.

The AUEW executive met yesterday and decided that another two-day engineering strike should take place next Monday and Tuesday. Union leaders are satisfied that support for the action remains strong and at present the Confederation of Shipbuilding and Engineering Unions executive—the body co-ordinating the action—does not intend to meet this week.

Ford—which is not directly involved in the dispute—yesterday laid off 220 transmission plant workers at its Halewood plant because of a component shortage resulting from the action.

Why some companies have left the EEF, page 12

Chrysler warns workers over future of Ryton

BY ARTHUR SMITH, MIDLANDS CORRESPONDENT

CHRYSLER UK has warned union leaders that the future of the Ryton assembly plant, Coventry, will remain in doubt even if the 2,000 workers agree to call off a 13-week strike.

Productivity levels at the Coventry factory, which assembles the Alpine, are as much as 30 per cent below those of Chrysler France at Poissy. The management maintains that unless Ryton can be made competitive it will be impossible to justify new investments to PSA Peugeot-Citroen, the French owners.

Against that background union leaders have agreed with the management to set up a joint working party to draw up proposals within five weeks to raise efficiency and earnings.

During that period, the management has offered workers £5 a week as an inducement to end their action. The money is to recompense them for the extra effort that will be needed to resume full production after the prolonged shutdown.

The 68 Ryton shop stewards cannot be brought together to consider the proposed deal until at least next Monday because this week is an official holiday. Union negotiators will be merely reporting back rather than recommending acceptance of the peace formula.

Feelings among the stewards are running high over what they believe has been an inflexible management attitude to their 20 per cent pay claim. The issue is likely to be passed to a meeting of workers which is unlikely to be convened before the middle of next week.

The management has insisted that it could not afford to increase its offer of a 5.5 per cent increase plus a self-financing incentive scheme. The interim £5 a week payment at least puts the extra cash on the table that the unions have been demanding.

But the management is looking for a dramatic improvement in productivity as the way to higher earnings.

Union leaders are expected to press Chrysler for detailed comparisons of UK performance with that of France. The Poissy factory, presently working at below full capacity is much larger than Ryton and can produce in one shift what Ryton makes in one week.

Weather

UK TODAY

MOSTLY cloudy with rain or drizzle. Hill and coastal fog in S. England and S. Wales.

London, E. Anglia, Midlands, Cent. N. England, S.E. England, Cent. S. England, Channel Isles

Cloudy. Rain or drizzle. Max. 18C (64F).

E. England, N.E. England, Borders, Edinburgh and Dundee

Bright at first. Rain later. Max. 17C (63F).

S.W. England, Wales, N.W. England, S.W. Scotland, Glasgow, Ulster

Cloudy, rain and hill fog. Brighter later. Max. 16C (61F).

Rest of Scotland

Sunny intervals. Occasional showers. Max. 15C (59F).

Outlook: Sunny intervals and showers.

WORLDWIDE

		Y'day midday °C	°F			Y'day midday °C	°F
Ajaccio	C	20	68	Chicago	S	22	72
Algiers	S	23	73	Cologne	F	13	55
Amsdm.	F	16	61	Cpnhgn.	S	13	55
Athens	S	30	86	Corfu	F	25	77
Bahrain	S	37	99	Dublin	R	18	64
Barclna.	F	22	72	Dbrvnk.	F	22	72
Beirut	S	28	82	Ednbgh.	C	17	63
Belfast	C	17	63	Faro	S	25	77
Belgrd.	F	22	72	Florence	R	16	61
Berlin	C	13	55	Frankf't	F	14	57
Biarritz	C	15	59	Funchal	S	22	72
Bmghm.	C	15	59	Genova	S	14	57
Blackp'l	R	15	59	Gibrltr	S	22	72
Bordx.	F	18	64	Glasgow	R	17	63
Boulgn	S	15	59	G'rnsey	C	15	59
Bristol	C	17	63	Helsinki	S	14	57
Brussels	S	16	61	H. Kong	S	26	78
Budpst.	F	14	57	Innsbr'k	C	9	48
B. Aires	S	18	64	Invrnss.	C	18	64
Cairo	S	37	99	I. o Man	R	14	57
Cardiff	C	19	66	Jersey	R	15	59
Cas'b'ca	S	22	72	Jo'burg	C	16	61
Cape T.	C	19	66	L. Plms.	F	23	73
Lisbon	S	24	75	Paris	S	15	59
Locarno	F	20	68	Reykjvk.	C	6	43
London	R	15	59	Rhodes	S	31	88
Luxmbg	F	14	57	Rio J'o	S	27	80
Madrid	S	20	68	Rome	C	22	72
Majorca	F	24	75	Salzb'rg	C	9	48
Malaga	S	24	75	Singapr.	S	30	86
Malta	S	23	73	Stckhm.	S	12	54
Mchstr.	R	15	59	Strasb'g	F	14	57
Melbne	R	11	52	Sydney	C	17	63
Milan	S	20	68	Tangier	S	26	79
M'treal	S	18	64	Tehran	S	23	73
Moscow	C	15	59	Tel Aviv	S	28	82
Munich	C	9	48	Tenerife	C	19	66
Nairobi	S	26	79	Tokyo	R	19	66
Naples	C	22	72	Toronto	C	15	59
Nwcstl.	C	17	63	Tunis	F	24	75
N. York	S	15	59	Venice	C	15	59
Nice	F	21	70	Vienna	C	11	52
Nicosia	S	30	86	Warsaw	C	12	54
Oporto	S	24	75	Zurich	F	12	54
Oslo	C	12	54				

C—Cloudy. F—Fair. R—Rain. S—Sunny.

Registered at the Post Office. Printed by St. Clement's Press for and published by the Financial Times Ltd., Bracken House, Cannon Street, London, EC4P 4BY.